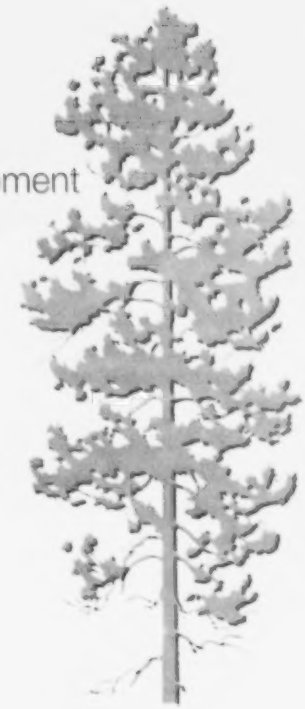
Ministry of Sustainable Resource Development

Annual Report 2003-2004



Alberta

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The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 29, 2004 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Sustainable Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Sustainable Resource Development, regulated funds, and provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

105-02437/

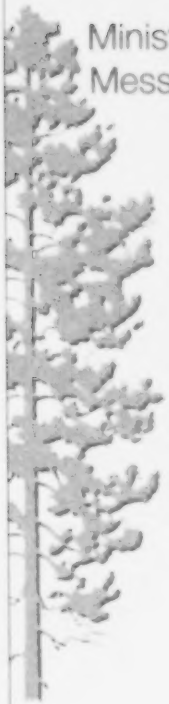
Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2004, was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at September 10, 2004 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

M Cardinal

Mike Cardinal
Minister of Sustainable Resource Development

Minister's Message



The Ministry of Sustainable Resource Development (SRD) is committed to carefully managing Alberta's public lands, forests, fish and wildlife resources and to protecting our forests from wildfire, insects, and disease. Our work supports a full range of uses—such as timber production, wildlife habitat, conservation, tourism and recreation, agriculture, and oil and gas activity—by balancing economic, environmental and social values.

I am pleased to highlight a few of SRD's accomplishments that represented some key new directions in 2003-04.

New regulations for recreational and exploration access were created under the *Public Lands Act* and are increasing co-operation among leaseholders, recreational users and others. Leaseholder participation is already as high as 90 per cent, and the Respect the Land program is encouraging Albertans to act responsibly while enjoying public land. In addition, access management plans are helping to integrate and reduce the impacts of industrial, commercial and recreational activity on the landscape.

The Fisheries Management Revitalization Program reduced the number of commercial fishermen from 579 at the end of 2002-03 to 317 at the end of 2003-04, allowing us to better manage sport, commercial and domestic fishing. Fewer commercial fishing operators enable the Province to promote a more viable fishing industry. At the same time, we established a barbless hooks regulation to conserve fish populations.

We worked with forest industry partners to build on the Alberta Advantage by increasing access to sales of surplus timber and by supporting value-added forest products. Continued efforts on the softwood lumber trade dispute included discussion of proposed forest management policy approaches for government consideration.

More than 3,000 Albertans were evacuated during the Lost Creek and Fort McKay wildfires, which threatened human lives and communities. Thanks to effective fire suppression efforts, no lives or homes were lost. To further protect communities, FireSmart initiatives involving SRD and municipal and industry partners were launched across the province. To reduce the economic burden of extraordinary wildfire activity on communities, the Ministry implemented the Municipal Wildfire Assistance Program with Alberta Municipal Affairs.

The Ministry responded to the threat of West Nile virus with an extensive bird-collecting effort that helped detect the first case in a bird in June 2003. Birds submitted by the public tested positive for the virus in all regions of the province except the Canadian Shield and the Rocky Mountains.

We instituted *Wildlife Act* amendments that increase penalties for poaching and give Fish and Wildlife officers authority to issue clean-up orders in situations where people leave out food or garbage that might attract wildlife.

The Ministry continues to ensure that Albertans benefit from the province's renewable resources and public lands, now and in the future.

M. Cardinal

Mike Cardinal
Minister
Alberta Sustainable Resource Development

Management's Responsibility for Reporting

The Ministry of Sustainable Resource Development includes:

- Department of Sustainable Resource Development,
- Environmental Protection and Enhancement Fund,
- Natural Resources Conservation Board, and
- Surface Rights and Land Compensation Boards.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

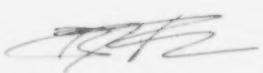
Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Sustainable Resource Development. Under the direction of the Minister I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Sustainable Resource Development any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.



Dr. R.J. (Bob) Fessenden, Deputy Minister
September 10, 2004

Ministry Entities

The Ministry of Sustainable Resource Development is composed of the Department of Sustainable Resource Development (SRD), the Natural Resources Conservation Board (NRCB), the Surface Rights Board, the Land Compensation Board, and the Environmental Protection and Enhancement Fund (EPEF).

The Department

The department's core businesses are delivered through four line divisions: Forest Protection, Fish and Wildlife, Public Lands and Forests, and Strategic Forestry Initiatives. The divisions are supported by Strategic Corporate Services, Communications, Policy and Planning, and Human Resources.

Forest Protection Division	Assistant Deputy Minister	(780) 427-3542
Fish and Wildlife Division	Assistant Deputy Minister	(780) 427-6749
Public Lands and Forests Division	Assistant Deputy Minister	(780) 422-4415
Strategic Forestry Initiatives	Assistant Deputy Minister	(780) 422-9320
Strategic Corporate Services	Assistant Deputy Minister/ Senior Financial Officer	(780) 422-8600
Communications	Director	(780) 427-8636
Policy and Planning	Executive Director	(780) 427-3802
Human Resources	Director	(780) 422-5779

The Boards

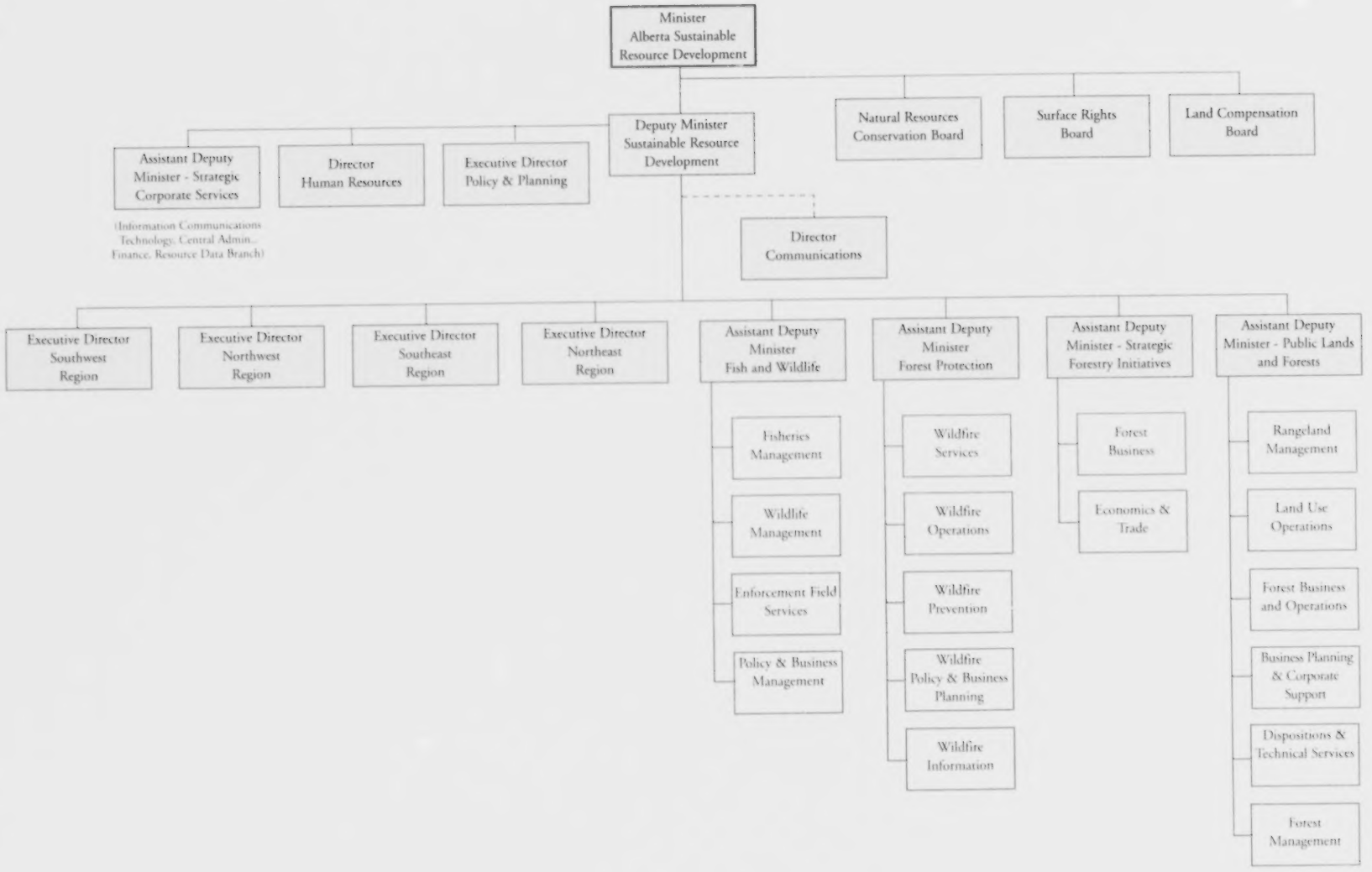
Natural Resources Conservation Board
Key contact: Brady Whittaker - Chair (780) 422-1977

Surface Rights Board
Key contact: Stan Schumacher - Chair (780) 427-6202

Land Compensation Board
Key contact: Stan Schumacher - Chair (780) 427-6202

The Environmental Protection and Enhancement Fund
Key contact: Stew Churlish - Senior Financial Officer (780) 422-8600

Figure 1 Sustainable Resource Development



An Operational Overview

The Department of Sustainable Resource Development concentrates on five core businesses to achieve its mission of sustaining the benefits Albertans receive from public land and natural resources:

- **Forest Protection** protects the multiple values received from forests within the Forest Protection Area of the province by working co-operatively with municipalities, industry, and other stakeholders to prevent and suppress wildfires.
- **Forest Land and Resource Management** manages Alberta's forests and forest lands to support a full range of uses and values to Albertans, including timber production, energy extraction, wildlife habitat, livestock grazing and recreational uses.
- **Fish and Wildlife Management** manages Alberta's fish and wildlife resources to preserve their intrinsic value to the environment, as well as their recreational and economic importance to Albertans.
- **Rangeland Management** manages Alberta public rangelands to support a full range of uses and values that include livestock grazing, energy extraction, recreational use and wildlife habitat.
- **Land Use Disposition Management** ensures that dispositions are efficiently and effectively managed to reflect balanced use and stewardship of Alberta's public lands.

These five core businesses support the Government of Alberta's mandate of People, Prosperity and Preservation through stewardship of the economic, environmental, and social values derived from Alberta's Crown lands and natural resources.

The Minister of Sustainable Resource Development is responsible for the Natural Resources Conservation Board, the Land Compensation Board and the Surface Rights Board. These organizations operate at arm's length from the department and report directly to the Minister.

Natural Resources Conservation Board

Established in 1991, the Natural Resources Conservation Board (NRCB) supports the vision and mission of the Ministry by conducting independent, open and impartial public reviews of projects that may affect the natural resources of Alberta. Potential projects reviewed by the board include forest industry projects, recreation and tourism developments, metallic and industrial mineral projects, and water management projects for which an environmental impact assessment is required. The NRCB's mandate also includes regulating new or expanding confined feeding operations (CFOs) and ensuring that all livestock operations are storing, processing and spreading manure in accordance with the regulations.

Surface Rights Board

The Surface Rights Board is an arbitration board governed by the *Surface Rights Act* with four areas of responsibility:

- in cases where landowners and operators cannot agree, issuing of right of entry orders for oil and gas activity, power and telephone lines and coal mines;
- determining compensation for a right of entry and reviewing rents every five years for right of entry orders and surface leases to call for annual payments;
- settling disputes and determining compensation for damages suffered by landowners as a result of activities by the Operator on or off the area taken or leased; and
- recommending payment by the Minister of Finance where the Operator fails to pay the annual rent.

Under its present business plan the Board's key goals include:

- providing fair and timely advice with respect to entry on public and private lands and compensation, therefore, for energy activities;
- enhancing openness of Board proceedings by the establishment and continued development of an information web site and on-line access to Board decisions; and
- development of application forms and processes for dealing with seismic operations on Crown land and other responsibilities which may be given to the Board as a result of legislative changes.

Land Compensation Board

The Land Compensation Board is an arbitration board governed by the *Expropriation Act*, the *Municipal Government Act* and other statutes.

The Board is authorized to hear compensation disputes where private property is expropriated by an authority. Authorities include municipalities, the provincial Crown and utility companies which require land to advance projects such as road rights of way, parks and power plants. Disputes before the Board vary depending on the type of property expropriated and may include concerns over market value, business losses, damage to property and relocation costs.

Parties before the Board benefit from regulated rules of practice and procedure which are reviewed periodically by the Board after consultation with stakeholders. The last review occurred in 2001 and it is anticipated that another review will be complete in the 2004-2005 fiscal year.

Environmental Protection and Enhancement Fund

The Environmental Protection and Enhancement Fund (EPEF) operates under the authority of the *Environmental Protection and Enhancement Act*. The fund is used for environmental emergencies and environmental protection or enhancement. The Ministry contributes to the EPEF's revenues primarily through timber royalties and fees. SRD draws from the fund's Natural Resources Emergency Program to cover firefighting expenditures and to a lesser degree, for forest health and intercept feeding and fencing programs.

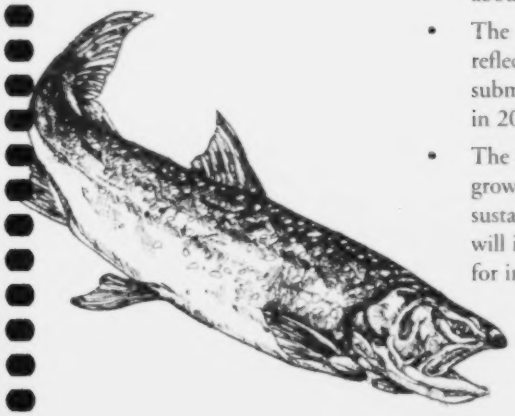
Summary of Key Activities in the Past Year

In 2003-04, Sustainable Resource Development (SRD) demonstrated its commitment to managing Alberta's public lands and natural resources in a sustainable manner by implementing or continuing to pursue a number of planned programs and initiatives:

- The Fisheries Management Revitalization program continued to be implemented. The number of commercial operators was reduced from over 579 to 317. The reduction in the number of commercial fishing operators increases the efficiency and profitability of the industry.
- The softwood lumber trade dispute continued in 2003-04. SRD received government endorsement to prepare a package of proposed forest management policy changes to assist government in deciding whether to pursue a "changed circumstances" review with the United States Department of Commerce.
- The department continued to support the forest health strategy by counteracting the spread of a mountain pine beetle outbreak in the Bow Valley Corridor through a joint partnership involving Community Development (Provincial Parks), the Federal Government (Parks Canada) and the Town of Canmore.
- The *Agricultural Dispositions Statutes Amendment Act 2003* (Bill 16) was proclaimed, introducing new regulations for recreational and exploration access on public lands. The new regulations promote co-operation and respect between disposition holders and other users of the land, through clearer rules and better communications.
- The Respect the Land educational program was launched in the spring of 2003. This program encourages stewardship among those users participating in recreational activities on public land. Particular emphasis was placed on random camping in 2003, with over 14,000 Respect the Land posters distributed to regional offices and for presentations.

SRD faced a number of challenges in 2003-04. Alberta's thriving economy continued to cause increased activity on the land base. Another dry year resulted in both extreme wildfire conditions and the emergence of new threats to forest and wildlife health. In responding to these challenges, SRD re-allocated resources and re-assessed priorities:

- The Lost Creek Fire in southern Alberta burned over 21,000 hectares and resulted in more than 2,000 individuals being evacuated. Through effective wildfire suppression efforts, no lives or homes were lost. The Lost Creek Fire served as an indicator of the extreme dry conditions on Alberta's landscape. The 2003-04 seasonal severity rating was above the five-year average, indicating very dry land conditions.
- The West Nile virus was first detected in Alberta in June 2003. SRD initiated the West Nile virus bird surveillance program to inform the public on the progress of the disease across Alberta. Over 1,873 birds were tested for the disease in 2003-04. SRD partnered with Alberta Health and Wellness and other Ministries to provide the public with information about the virus.
- The volume of dispositions received by the department increased substantially in 2003-04, reflecting a booming resource economy in Alberta. A total of 15,205 dispositions were submitted throughout the year, representing a 24% increase from the volume experienced in 2002-03 (12,265 dispositions received).
- The Ministry initiated the development of an Alberta approach to biodiversity. Alberta's growing population and thriving resource economy are putting increased pressure on the sustainability of Alberta's biological resources and associated diversity. The proposed strategy will increase the public awareness of the importance of biodiversity and provide the basis for implementing a biodiversity program.



Deputy Minister's Message

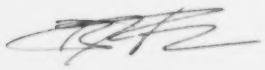
Sustainable Resource Development just passed its 3rd anniversary as a new department. Our objective is to do the most effective job of natural resource management that we can. A collective, aligned, interdependent, strategic approach will be necessary to achieve this objective. It will also require a healthy organizational climate that focuses on a commitment to healthy constructive dialogue within and external to the organization. It has as its basis a shared vision, a discipline to team learning, personal learning and working with our assumptions, and a systems view of the world. And underpinning it all is people. People, who are passionate about the stewardship of public lands and renewable resources and passionate about serving Albertans and building public confidence and trust in government. People who also find creative and innovative ways of doing things; and strive to do the very best job that they can within the resources that they have.

Real progress has been made within SRD since our journey started 3 years ago, as demonstrated throughout this document by our operational successes. To name but a few:

- The 2003 fire season—including the Lost Creek Fire—but also including over 1,000 suppressed wildfires; Lost Creek Fire was outstanding in that we lost no significant structures and maintained the support of the community.
- The West Nile virus bird surveillance program.
- The continued support of industry for our efforts on softwood lumber countervail.
- The *Agricultural Disposition Statutes Amendment Act 2003* (Bill 16) was proclaimed, introducing new regulations for recreational and exploration access on public lands.

Our journey continues as we grow to understand the realities of resource management in the 21st century. Competing pressures for the use of land have never been greater—and society's views towards resource and environmental management have evolved. The way we think about ourselves, the way we organize ourselves, the priorities that we tackle, our internal business processes, the way we engage with each other and with our external stakeholders, all need to reflect these new realities and focus on the present and future. Truly integrated and balanced resource management requires integrated and balanced policy and processes that support and reward interdependent behaviour. Our going-forward plan must deal with policy and strategy, but it also must deal with organizational issues, with role clarity, indeed with our individual behaviours.

I remain confident in our collective ability to face the challenges and opportunities in our journey towards a "world-class organization in the stewardship of public land and natural resources"!



Dr. R.J. (Bob) Fessenden
Deputy Minister
Alberta Sustainable Resource Development

AUDITOR GENERAL *Alberta*

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

In connection with the Ministry of Sustainable Resource Development's performance measures included in the *2003-2004 Annual Report of the Ministry of Sustainable Resource Development*, I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2003.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the performance measures included in the *2003-2004 Annual Report of the Ministry of Sustainable Resource Development*.

FCA
Auditor General

Edmonton, Alberta
August 16, 2004

Expense by Core Business

Ministry of Sustainable Resource Development
Expense by Core Business
Year Ended March 31, 2004
($000,000)

Core Business	2002-03 Actual	2003-04 Budget	2003-04 Actual
Forest Protection	$302.5	$75.6	$204.0
Forest Land and Resource Management	$26.6	$31.4	$28.4
Fish and Wildlife Management	$38.1	$40.5	$39.3
Rangeland Management	$10.3	$11.7	$11.8
Land Use Disposition Management	$31.1	$35.4	$33.1
Surface Rights and Land Compensation Boards	$2.5	$2.1	$2.6
Natural Resources Conservation Board	$4.5	$5.0	$5.5
Environment Statutory Programs	$2.9	$6.0	$2.4
Total	**$418.5**	**$207.7**	**$327.1**

Expense by Function

The table below identifies the Ministry's expenses by government function. Although 64 per cent of the budget was allocated to the "Agriculture, Resource Management and Economic Development" function, the severe fire season caused a majority of expenses to occur in the "Protection of Persons and Property" function.

Ministry of Sustainable Resource Development
Expense by Function
Year Ended March 31, 2004
($000,000)

Expense Function	2003-04 Budget Gross	2003-04 Actual Gross	2002-03 Comparable Actual Gross
Agriculture, Resource Management and Economic Development	$131.9	$122.1	$115.8
Protection of Persons and Property	$75.8	$205.0	$302.7
Total	**$207.7**	**$327.1**	**$418.5**

Discussion and Analysis of Results

Overview of Results Analysis

The results analysis section is organized according to the major operating entities within the Ministry and provides an integrated analysis of performance measures and financial data highlights. The focus of Part One is the department of Sustainable Resource Development (SRD), while Part Two focuses on performance for the Natural Resources Conservation Board (NRCB).

The Minister of Sustainable Resource Development is also responsible for the Land Compensation Board and the Surface Rights Board. The key results of these entities are reported under a separate process outlined in the *Surface Rights Act*. The reports are submitted directly to the Minister in January of each year.

The Environmental Protection Enhancement Fund is discussed in relation to the delivery of programs through the core businesses, rather than as a distinct entity.

Part One: The Department of Sustainable Resource Development Core Businesses, Goals and Measures

The Performance Management Framework

The department uses a logic model to measure the success of core business activities. As shown in figure 2, measures are described as either output or outcome measures.

- **Output Measures** reflect directly on the performance of the department. These measures are essential to management decision-making. Through department initiatives and activities, specific results (outputs) are achieved that in turn contribute to the desired impact.
- **Outcome Measures** reflect changes in the state of the world (external to the department) toward the desired goal or impact. Although these changes may not be entirely attributable to the department's activities, these changes bridge the relationship between the department's activities and the desired impact.

Figure 2 The Performance Management Framework

Inputs →	Core Business/ Processes →	Outputs →	Outcomes →	Impacts
Knowledge Financial Resources Land Natural Resources	Forest Protection	Losses from wildfires within the Forest Protection Area are minimized through: • Prevention, • Rapid detection, • Early response, and • Containment and suppression.	Alberta's forests and forest communities are protected from wildfire. Human-caused fires starts do not increase, despite population growth, urban encroachment and escalating fire start potential in the Forest Protection Area.	The sustained contribution of benefits to Albertans from Alberta's public land and natural resources.
	Forest Land & Resource Management	Alberta's public forests and forest lands are allocated. Alberta's forests are managed and used in a sustainable manner. Albertans receive an economic return from Alberta's forests.	Alberta's forests support multiple uses and values while also supporting opportunities for increasing: • Productive forest Crown land; • Amount of fibre extracted per unit area; and • Value per unit fibre.	
	Fish & Wildlife Management	*Under Development*	Enhance the economic, environmental and social contributions of Alberta's fish and wildlife resources to Albertans.	
	Rangeland Management	Alberta's public rangeland resources are allocated. Public rangeland resources are used in a sustainable manner.	Alberta's public rangelands support a full range of uses and values that include livestock grazing, recreational use and wildlife habitat.	
	Land Use Disposition Management	Dispositions on Alberta's public lands are administered in a timely manner. Oil and gas dispositions on Alberta's public lands are administered, while minimizing disturbance.	Optimize the long-term benefits (environmental, social and economic) that Albertans receive from public lands through effective, efficient disposition management.	

Client/Stakeholder Feedback

Figure 2 The Performance Management Framework

Inputs →	Core Business/ Processes →	Outputs →	Outcomes →	Impacts
Knowledge Financial Resources Land Natural Resources	Forest Protection	Losses from wildfires within the Forest Protection Area are minimized through: • Prevention, • Rapid detection, • Early response, and • Containment and suppression.	Alberta's forests and forest communities are protected from wildfire. Human-caused fires starts do not increase, despite population growth, urban encroachment and escalating fire start potential in the Forest Protection Area.	The sustained contribution of benefits to Albertans from Alberta's public land and natural resources.
	Forest Land & Resource Management	Alberta's public forests and forest lands are allocated. Alberta's forests are managed and used in a sustainable manner. Albertans receive an economic return from Alberta's forests.	Alberta's forests support multiple uses and values while also supporting opportunities for increasing: • Productive forest Crown land; • Amount of fibre extracted per unit area; and • Value per unit fibre.	
	Fish & Wildlife Management	*Under Development*	Enhance the economic, environmental and social contributions of Alberta's fish and wildlife resources to Albertans.	
	Rangeland Management	Alberta's public rangeland resources are allocated. Public rangeland resources are used in a sustainable manner.	Alberta's public rangelands support a full range of uses and values that include livestock grazing, recreational use and wildlife habitat.	
	Land Use Disposition Management	Dispositions on Alberta's public lands are administered in a timely manner. Oil and gas dispositions on Alberta's public lands are administered, while minimizing disturbance.	Optimize the long-term benefits (environmental, social and economic) that Albertans receive from public lands through effective, efficient disposition management.	

Client/Stakeholder Feedback

Class D & E Wildfires

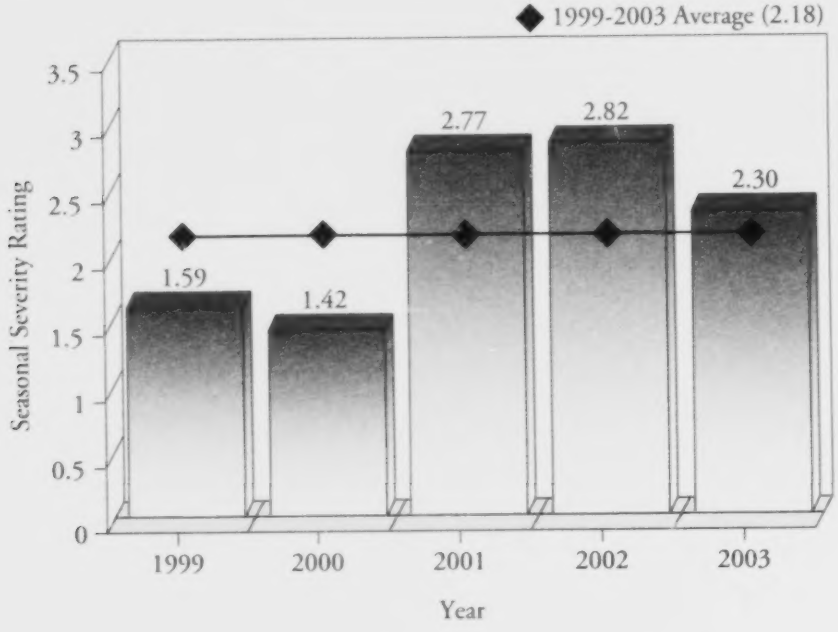
Class D wildfires range from between 40.1 hectares and 200.0 hectares in size. Class E wildfires reach 200.1 hectares or greater.

Core Business: Forest Protection

Goal 1: Protect Alberta's forests and forest communities by preventing and suppressing wildfires.

The 2003 Fire Season began April 1 and ended October 31. As illustrated below, the seasonal severity rating (SSR) for 2003 was 2.30, down from last year's rating of 2.82 but still above the five year rolling average of 2.18.[1] There were a total of 1,153 fire starts during the 2003 fire season, burning approximately 77,000 hectares in the Forest Protection Area (FPA). The number of wildfires represented an 18% decrease from the previous year (1,405), but is still above the five-year average of 1,098. Of the 1,153 wildfires in 2003, 18 wildfires escaped efforts to contain them, with 3 becoming Class D and 15 becoming Class E. The estimated cost of the D and E wildfires was $56.5 million.[2] Due to wildfire threat ratings and prolonged drought conditions, a forest fire emergency was declared for the 2003 fire season under the *Fiscal Responsibility Act*.

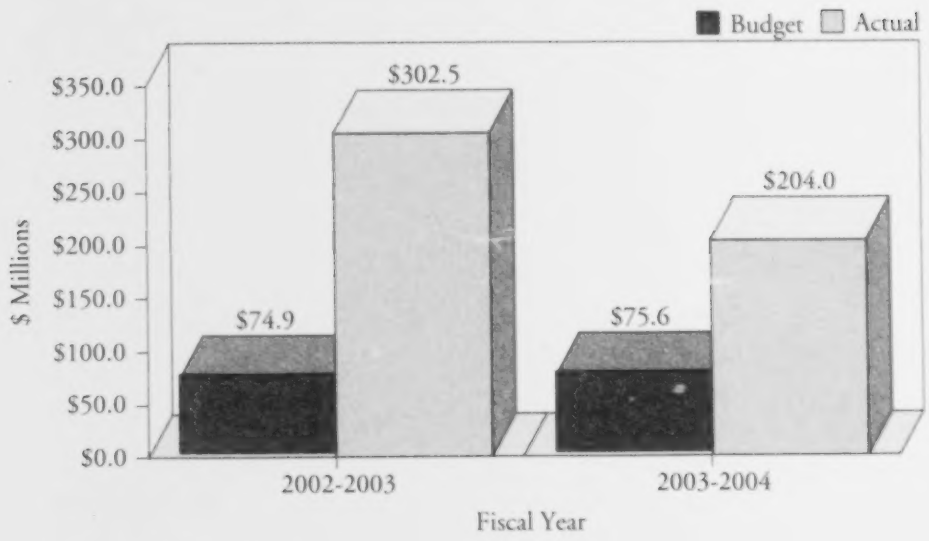
Figure 3 1999-2003 Seasonal Severity Rating



Approximately 3,000 people were evacuated in 2003 as a result of wildfires.[3] Of those, over 2,000 individuals were evacuated from their homes and communities during the Lost Creek Fire alone. Detected on July 23, the Lost Creek Fire was one of Alberta's largest wildfires in 2003. This fire burned over 21,000 hectares and threatened human lives and communities, but through effective wildfire suppression efforts, no lives or homes were lost.[4]

As a result of the severity of the 2003 fire season, the expenditures for the Forest Protection Core Business were $204.0 million in 2003-04, substantially above the budget of $75.6 million. At the same time, expenditures were almost $100 million lower than in 2002-03 ($302.5 million), reflecting the lower seasonal severity rating of the fire season.

Figure 4 Forest Protection Expenditure Analysis



Note: Expenditure data includes allocated Ministry support services.

SRD works with the public, municipalities, industry and other stakeholders to protect human life, communities and other values at risk from wildfires. There are 39.3 million hectares in the Forest Protection Area (FPA), which represents 59% of Alberta's total land base.[5] To effectively protect such a large area, SRD uses a strategic approach that focuses on:

- Preparedness, and
- Wildfire Management.

A major component of SRD's wildfire management strategic framework, FireSmart has the potential to save government significant wildfire costs. FireSmart involves design and management in and around communities and across broad landscapes to prevent wildfires.

Preparedness

The department's wildfire program starts with short and long-term preparedness. Preparedness includes prevention, readiness, detection and early response activities. By promoting initiatives that prevent or minimize forest fires, SRD supports an array of landscape values fundamental to sustainable forest management. Preparedness also entails an effective policy framework that supports these activities and the overarching forest protection goal.

Prevention

With extreme dry conditions occurring in July 2003, fire bans and forest closures served as an important tool to prevent fire and protect human life. The first fire ban came into effect July 24 between Cochrane and Waterton Lakes National Park. It was quickly upgraded to a forest closure and was expanded to include areas near Jasper National Park and southwest of the Oldman River to the British Columbia-Alberta border. These closures and bans lasted until late August.

FireSmart is another important tool in SRD's prevention toolbox. Twenty-six FireSmart projects commenced in 2003-04 involving multiple jurisdictions.[6] FireSmart projects were completed in Conklin, Hinton and Crowsnest Pass. In addition, approximately 64,000 FireSmart manuals and 200 videos were distributed to municipalities and the public.[7]

Figure 5 Alberta's Forest Protection Area

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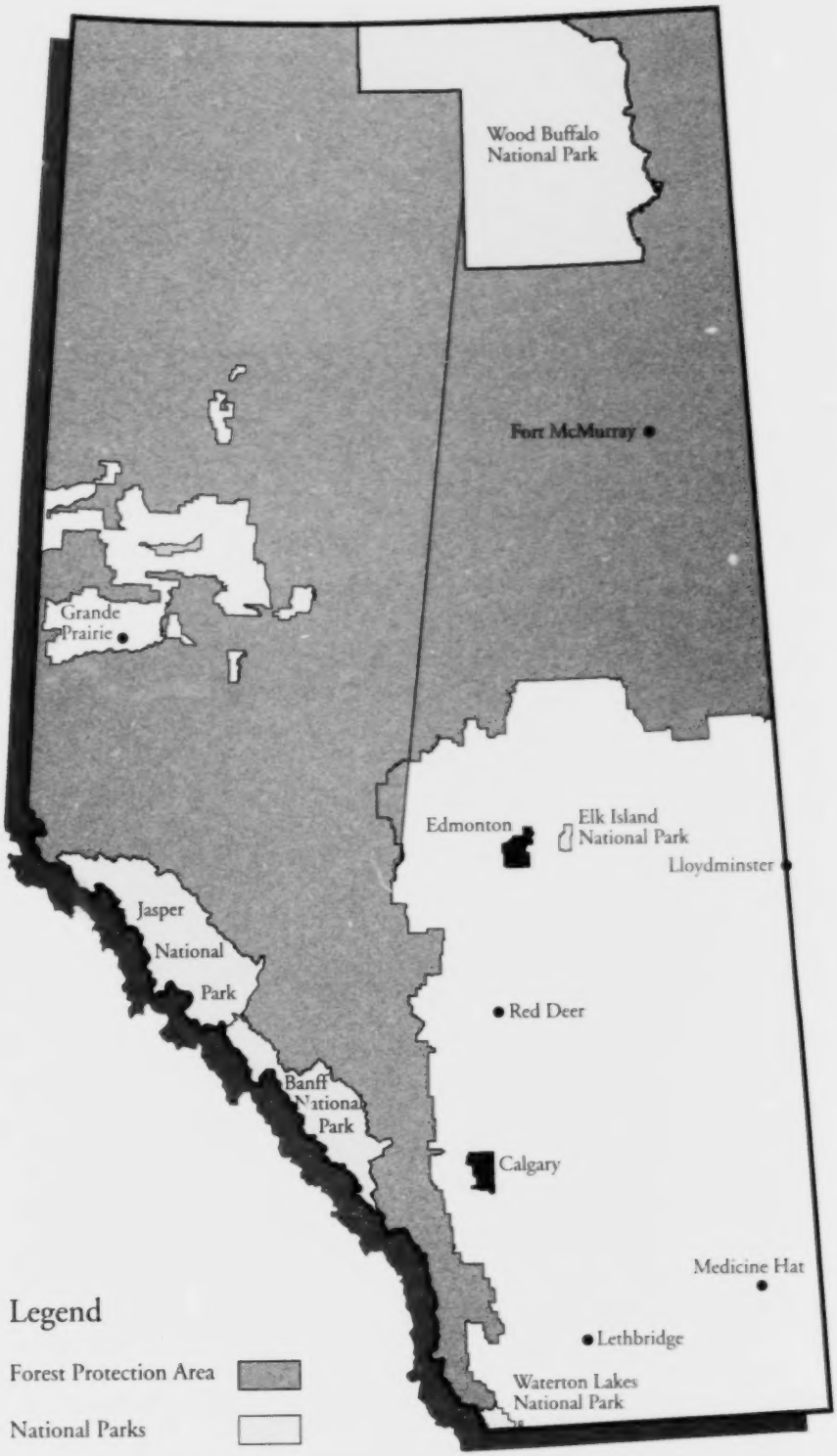
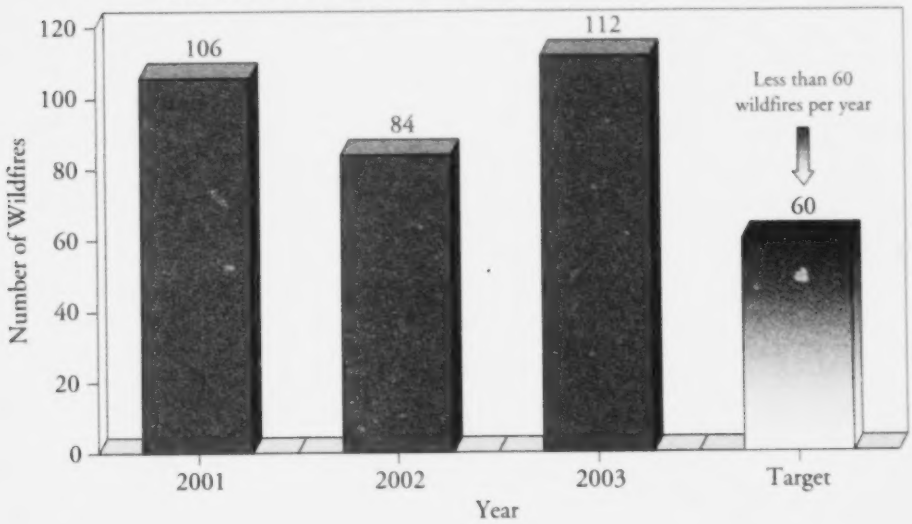


Figures 6 and 7 demonstrate SRD's prevention performance at an outcome level. The number of industry and human-caused fires in 2003 increased 33% and 11%, respectively, from 2002, failing to meet business plan performance targets.[8] This performance is attributed to the high seasonal severity ratings discussed previously and the increasing encroachment by industry and the public into the FPA. The number of roads being built on public land (19,583 acres of new roads were approved in 2003-04)[9], has provided Albertans more opportunities to access and enjoy the province's wilderness, which in turn creates greater chances of human-caused fire starts.

Figure 6 Performance Measure: Prevention

Number of Industry-caused Wildfires within Alberta's Forest Protection Area



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology.

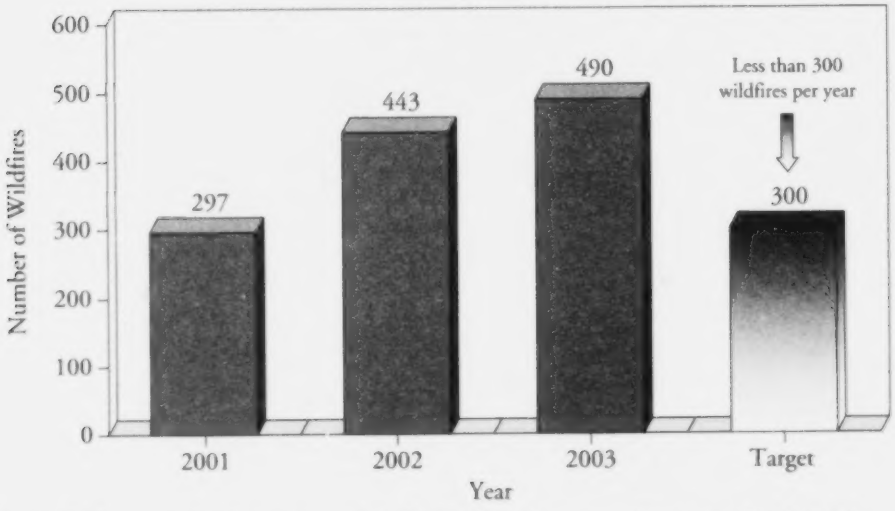
Readiness

Readiness is the second component of the department's wildfire preparedness strategy. Given the severity of the fire season, SRD undertook a number of actions to ensure its operations were ready to respond to fires:

- monitored wildfire conditions in the FPA, which included evacuation warnings or actual evacuations of some communities due to the risk of wildfire;
- hired three aboriginal liaison officers to bridge communications and activities between SRD's wildland firefighting staff and aboriginal communities;
- used tools such as the Mutual Aid Resource Sharing Agreement. Alberta received firefighting manpower assistance from Ontario, Yukon, Nova Scotia, New Brunswick and British Columbia and received firefighting equipment and/or aircraft assistance from Ontario, Quebec and British Columbia; and
- implemented the Municipal Wildfire Assistance Program in partnership with Municipal Affairs to help reduce the economic burden of extraordinary wildfire activity on communities and their residents. No payouts were issued in 2003-04.

Figure 7 Performance Measure: Prevention

Number of Human-caused Wildfires within Alberta's Forest Protection Area



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology.

Detection

Detection is the third component of SRD's wildfire preparedness strategy. SRD has been very effective at detecting and reporting wildfires once they occur through its surveillance network of 131 fire lookout towers. SRD's detection performance was comparable to the results of 2002-03:

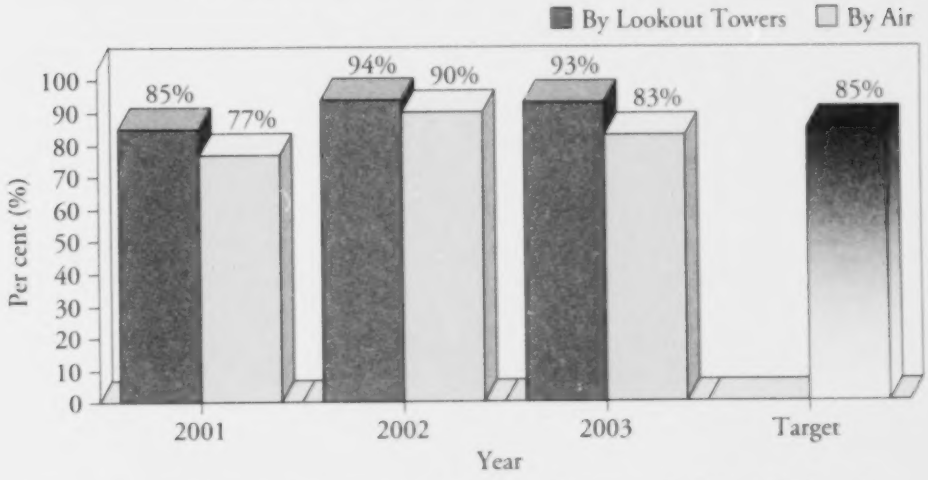
- Lookout towers and aerial surveys detected 93% and 83% of wildfires, respectively, before they grew beyond 0.1 hectares in size (this target is used based on the premise that wildfires become visible near this size).[10]
- Nearly all wildfires detected by lookout towers and aerial patrols were reported within five minutes or less (98% and 100%, respectively).[11]

Early Response

Early response is the fourth component of the department's preparedness strategy and is an area where SRD's performance has been exceptional. The department's high state of preparedness allows it to attack, and in most cases, control new wildfires before they escape and become large and costly. In 2003, 93% of the wildfires were actioned before they reached 2.0 hectares in size.[12]

Figure 8 Performance Measure: Detection

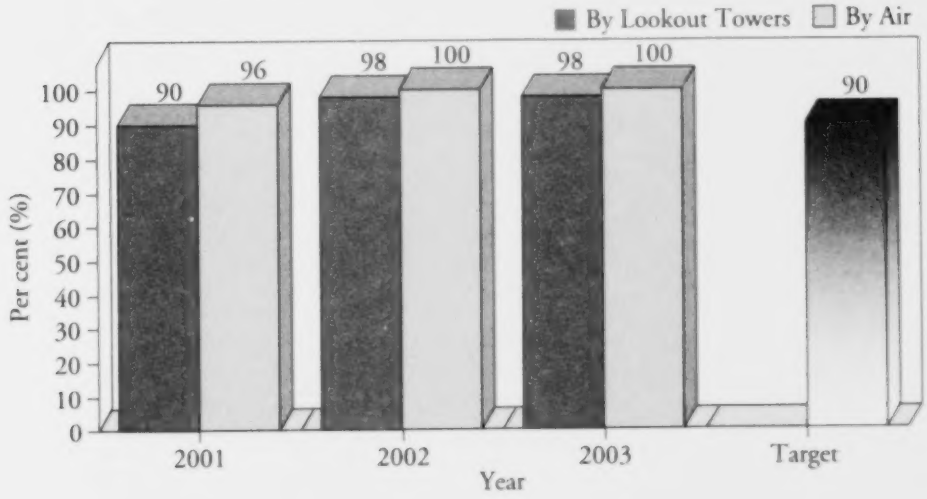
Percentage of Wildfires Detected within 0.1 Hectares or Less



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology. Percentages are not additive; they are distinct success rates for each method of detection.

Figure 9 Performance Measure: Detection

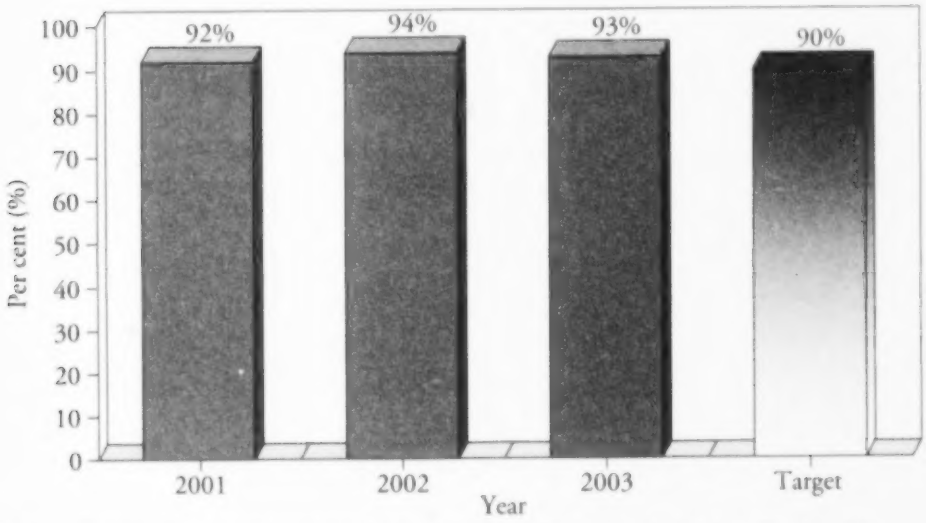
Percentage of Wildfires Reported within 5 Minutes or Less



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology. Percentages are not additive; they are distinct success rates for each method of detection.

Figure 10 Performance Measure: Containment and Suppression

Percentage of Wildfires Actioned Before They Reach 2.0 Hectares in Size



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology.

Wildfire management

Wildfire management is the second strategic direction of SRD's forest protection core business. Once a wildfire is detected and actioned, the department works to contain it within the first burning period (i.e., by 10 a.m. the following day) and containing the size of the fire at 4.0 hectares or less. Historical data suggest that a containment target of 4.0 hectares or less tends to reduce losses from wildfire and suppression costs. For the 2003 fire season, the department was able to contain 96% of all fires within the first burning period and 95% of wildfires within 4 hectares. This level of performance on containment exceeded the business plan targets and increased from 2002 levels.[13]

For wildfires that cannot be contained before the first burning period and 4.0 hectare size, SRD manages according to its resource allocation priorities. Key tools that assist the department in wildfire management are the Spatial Fire Management System for resource planning and the Prometheus fire growth model for fire behavior predictions and fire growth.

SRD's approach to protecting values at risk was demonstrated during the Lost Creek Fire. The department assigned additional resources to the fire to protect human life and communities and other priority values at risk. At the same time, a large wildfire started in an ecological management zone east of High Level that burned 29,936 hectares.[14] Because this wildfire was determined to be of no threat to human life and communities, it was allowed to burn in order to meet ecological objectives.

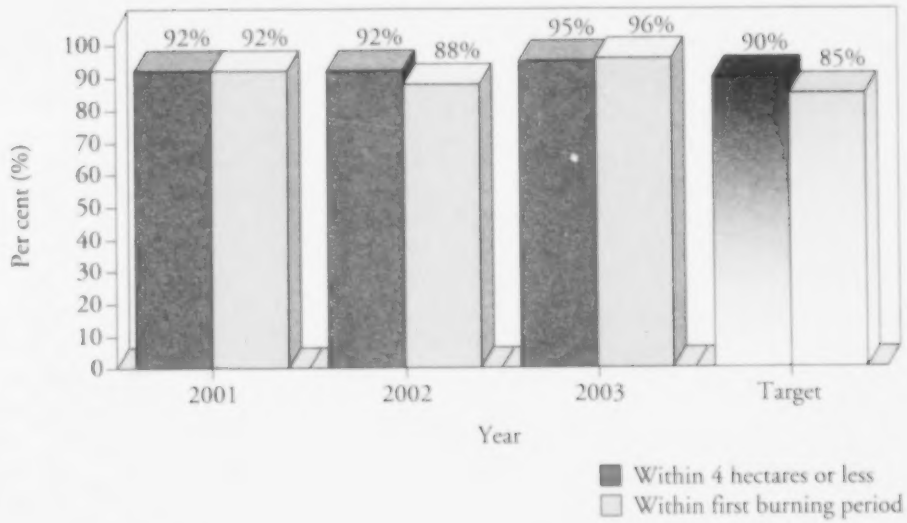
The department uses the Mutual Aid Resource Sharing Agreement to share wildfire suppression assistance and resources with other jurisdictions in Canada and the United States. In 2003, SRD provided wildfire suppression assistance to Ontario, Manitoba, Northwest Territories and British Columbia in the form of manpower, aircraft and equipment. SRD received assistance from other jurisdictions in return, particularly during the Lost Creek wildfire.

SRD's five priority values at risk (listed in order of highest to lowest priority) are:

Protection of human life, Protection of communities, Protection of sensitive watersheds and soils, Protection of natural resources, and Protection of infrastructure.

Figure 11 Performance Measure: Containment and Suppression

Percentage of Wildfires Contained at 4.0 Hectares or Less in Size and Within the First Burning Period



Note: Performance data is based on the legislated forest fire season (April 1 to October 31). For further details, see the section on data sources and methodology.

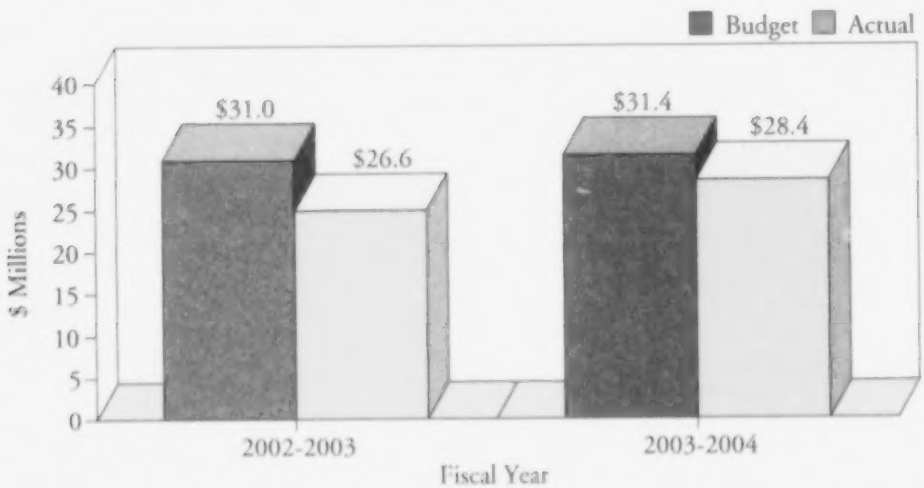
Core Business: Forest Land and Resource Management

Goal 2: Enhance the economic, environmental and social contributions of Alberta's forests and forest lands to Albertans.

During 2003-04, the Forest Land and Resource Management core business managed issues related to resolving the softwood lumber trade dispute and responded to challenges in forest management practices in Alberta. The 2003-04 year also saw increased activity by environmental non-government organizations targeting management practices in the Canadian boreal forest. Alberta makes up 9.6% of Canada's boreal region.[15]

Expenditures for this core business totaled $28.4 million in 2003-04, just below the anticipated budget of $31.4 million, and slightly above 2002-03 expenditures of $26.6 million. In 2003-04, the department transferred staff and resources ($0.9 million) into a specialized division that focused on the softwood lumber dispute.

Figure 12 Forest Land and Resource Management Expenditure Analysis



Note: Expenditure data includes allocated Ministry support services.

SRD uses a number of strategies to accomplish the goal of the Forest Land and Resource Management core business. It accomplishes this goal by:

- providing a clear policy, legislative and regulatory framework;
- ensuring sustainable forest management through adaptive forest management planning and practices by government and industry;
- managing infestations of insect, disease and weed pests in Alberta's forests;
- ensuring Albertans receive an economic return for use of fibre produced on forested public lands; and
- increasing the value of forest products produced from Alberta's forest resource.

Using the forest management policy framework, SRD focused on two significant forest policy initiatives in 2003-04:

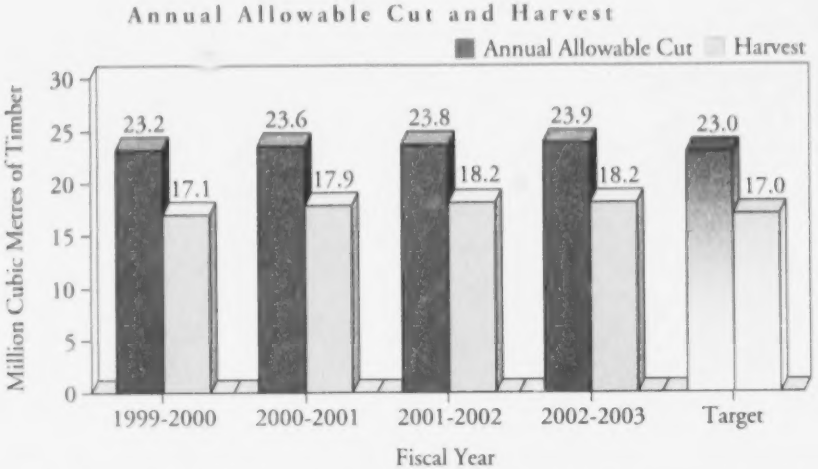
- the department continued its efforts on the softwood lumber trade dispute. SRD received government endorsement to prepare a package of proposed forest management policy changes to help it decide whether to pursue a "changed circumstances" review with the U.S. Department of Commerce. SRD worked with International and Intergovernmental Relations, other provinces, the federal government and industry on the legal challenges and interim agreement discussions; and
- the Community Timber Program was modified to address some of the issues in the softwood lumber trade dispute and protect small community-based mill operators. The proposed amendments to the regulation and business model will be taken forward for government approval in 2004.

SRD demonstrated its adaptive approach to forest management in 2003-04 by:

- opting not to allocate timber in the P8 forest management unit near Grande Prairie, which reduced the industrial footprint and allowed a consideration of other values;
- signing a memorandum of understanding with the Mexican state of Jalisco that provided for the exchange of information and technology, research, education, training and professional expertise in the areas of sustainable forest management, forest health, parks and protected areas and related forestry fields;
- using an innovative approach to the XII World Forestry Congress by implementing a competitive information gathering program and a youth delegation; and
- revising the Forest Planning Manual to respond to increasing complexities of forest management, reflect provincial stewardship expectations and illustrate best practices for forest management.

The department monitors the relationship between timber harvest and the province's long-term sustainable annual allowable cut (AAC) to ensure that the harvest does not exceed the AAC and to measure the success of sustainable forest management practices. In 2002-03, 18.2 million cubic metres were harvested of the 23.9 million cubic metres allocated.[16]

Figure 13 Performance Measure: Timber Allocation



Note: There is a one-year delay in reporting this data. A five-year rolling average is used for annual allowable cut and harvest data because it better reflects how harvest volumes are regulated. For further details, see the section on data sources and methodology.

SRD will continue to demonstrate its commitment to sustainable forest management in the 2005-08 Business Plan with the development of a new performance measure to track the average age of forest management plans. Developing current forest management plans using the latest data and research on forest management practices ensures that Alberta's forests are managed for future uses. In 2003-04, the average age of forest management plans (weighted by area of the forest management plan) was 8.2 years.[17]

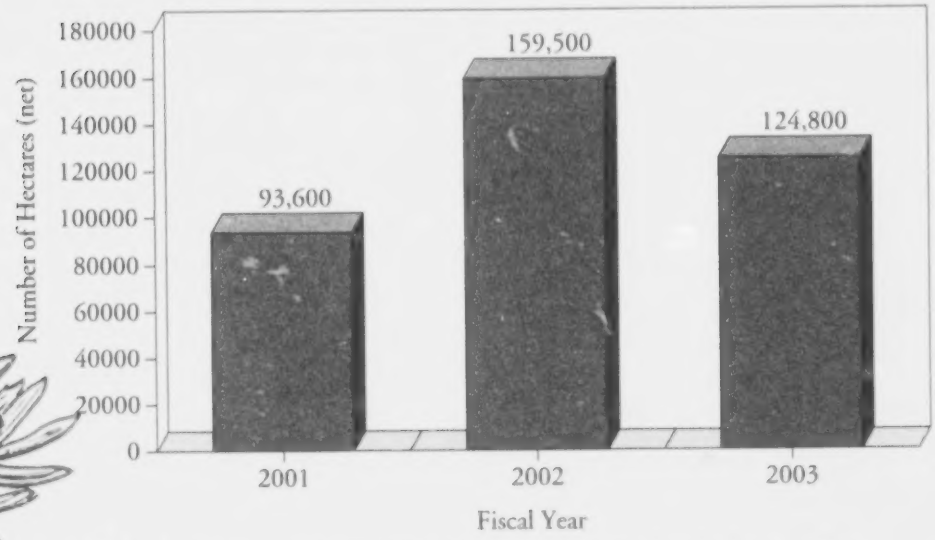
In response to concerns raised by the Office of the Auditor General in 2001-02, SRD made considerable progress on the timber production reporting system (TPRS). Improvements included:

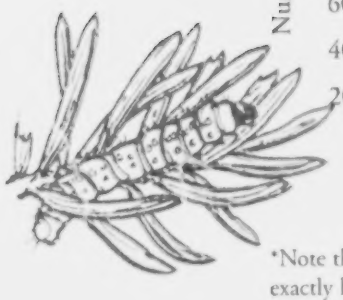
- implementing a system-based approach for auditing companies' reported timber harvest, which has led to a shorter return interval on subsequent audits;
- influencing changes in companies' practices that are considered to have a high probability of incorrect reporting; and
- implementing an electronic interface between databases to assist staff in pursuing debts to the Crown for timber dues for the rights to harvest timber.

The department continued to support the forest health strategy by successfully preventing the spread of a mountain pine beetle outbreak in the Bow Valley Corridor, where the risk of an outbreak is high. This success was achieved through a joint partnership involving Community Development (Provincial Parks), the Federal Government (Parks Canada) and the Town of Canmore.

The department has also been monitoring the outbreak of the spruce budworm. After experiencing a dramatic growth of spruce budworm infestation in 2002, the number of net hectares with moderate/severe defoliation decreased by 22% in 2003.[18] The decline in spruce budworm infestation is due to natural causes, such as the lack of suitable host trees.

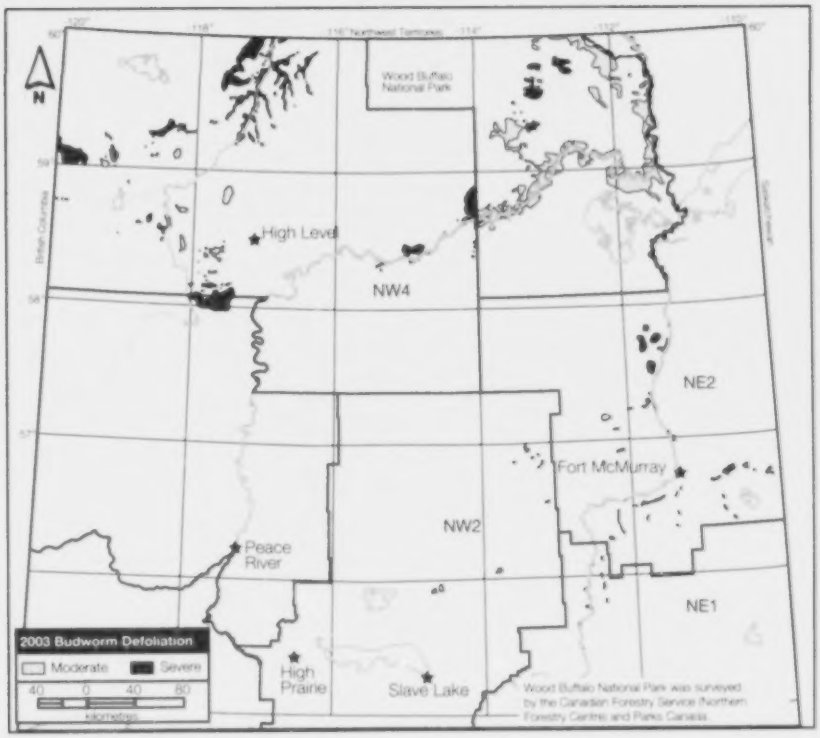
Figure 14 Number of Hectares with Moderate/Severe Defoliation (net*) by Spruce Budworm





*Note that "net" refers to a validation with the Alberta Vegetation Inventory to determine exactly how many hectares have been defoliated within the polygon. The department also reports "gross" hectares, which is the total area of the polygons investigated; however, non-timber areas (such as water bodies) may be included.

Figure 15 Spruce Budworm Defoliation in Alberta, 2003

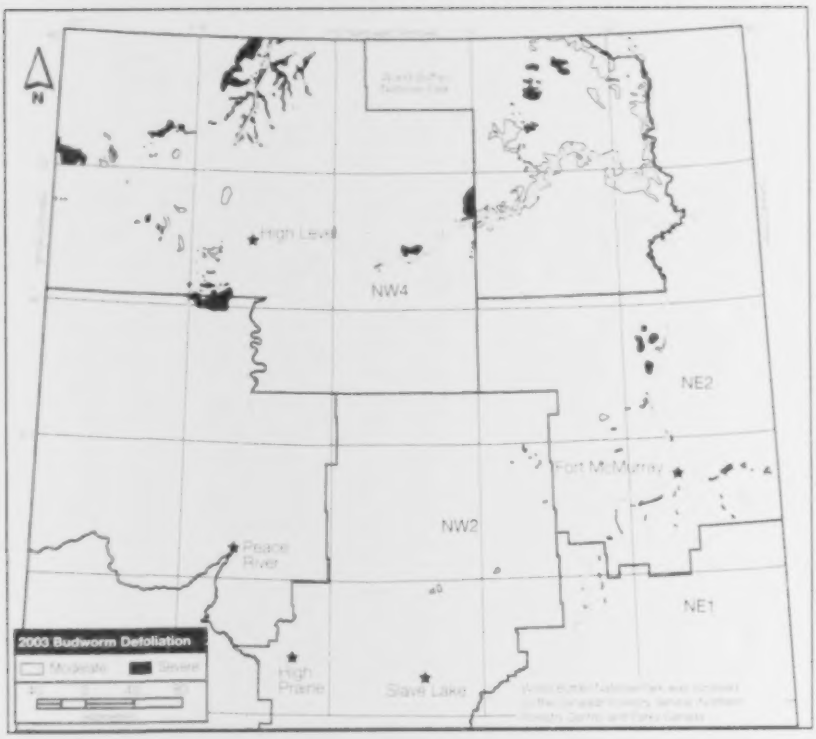


As illustrated in the maps above and below, the spruce budworm continues to be contained in the northern section of the province around Fort McMurray, Wood Buffalo National Park and High Level.

To maximize value-added opportunities in Alberta's forest sector, the department initiated several value-added projects, including:

- partnering with the Canadian Wood Councils on the WoodWorks program;
- participating in a trade show on the value of wood in engineering and architectural development;
- completing a value-added linkage study, and assessing current value-added business arrangements to improve innovation in the primary forest industry;
- defining a value-added Memorandum of Understanding with the Forest Engineering Research Institute of Canada;
- completing an update of the state of the secondary manufacturing sector; and
- re-initiating the secondary manufacturing advisory group to assist in policy development for this sector.

Figure 15 Spruce Budworm Defoliation in Alberta, 2003



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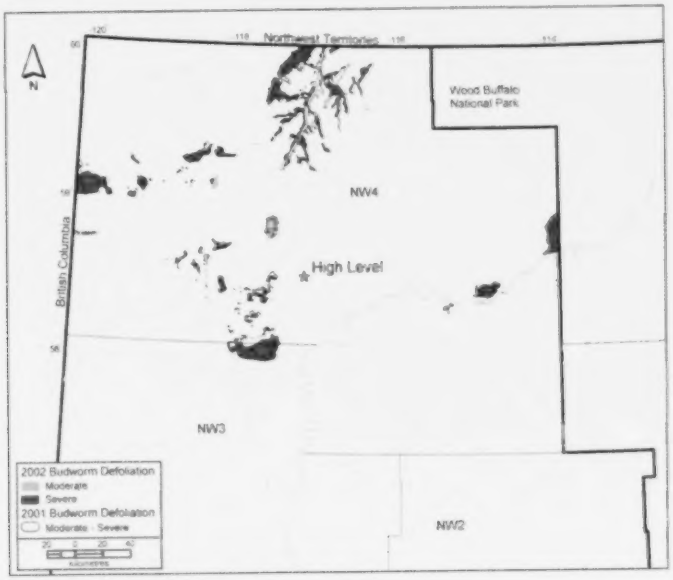
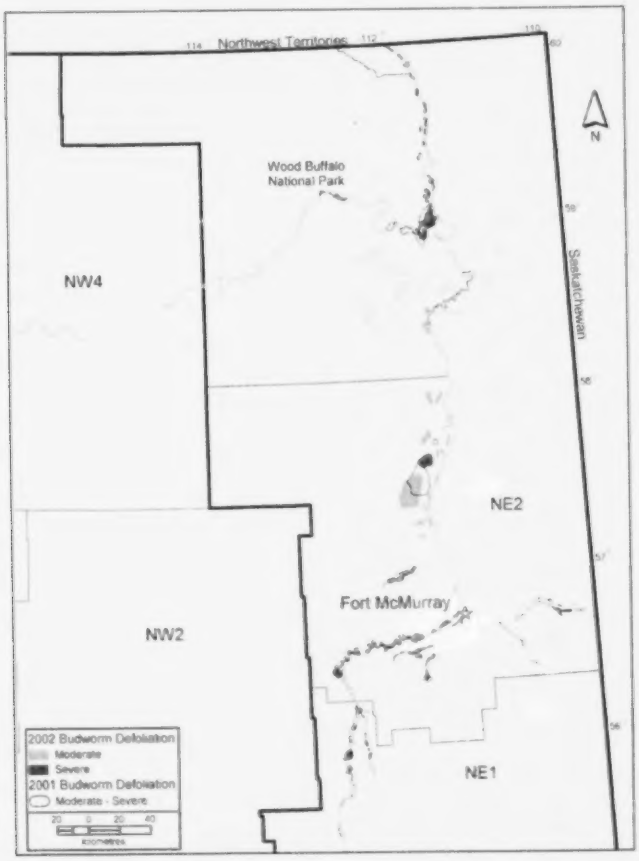
- completing an update of the state of the secondary manufacturing sector; and
- re-initiating the secondary manufacturing advisory group to assist in policy development for this sector.

Figure 15a Spruce Budworm Defoliation in Alberta, 2002

Northwest Alberta



Northeast Alberta



Core Business: Fish and Wildlife Management

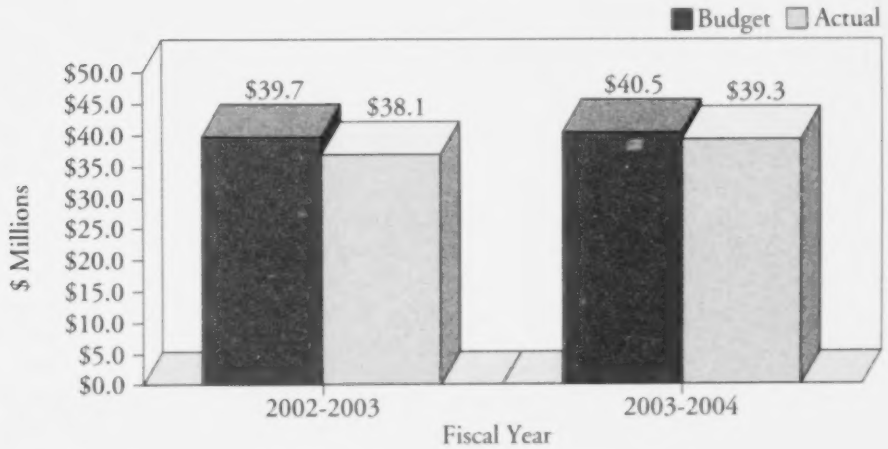
Goal 3: Enhance the economic, environmental and social contributions of Alberta's fish and wildlife resources to Albertans.

In 2003-04 the Fish and Wildlife Management core business dealt with several challenges:

- emerging wildlife diseases, such as West Nile virus, which required constant monitoring and regular information updates to the concerned public;
- increasing numbers of human-animal interactions, from vehicle collisions to ungulate crop damage; and
- growing demand for recreational opportunities to harvest fish and wildlife resources created the need for an increased number of management plans.

To meet these challenges and deliver the Fish and Wildlife Management core business, the department spent $39.3 million in 2003-04. This amount is up slightly from the 2002-03 expenditure of $38.1 million. In response to a proposal from the Alberta Professional Outfitters Society (APOS), SRD developed a dedicated revenue fund for provincial wildlife programs. To generate revenue for the fund, APOS will be collecting a levy from Alberta's 365 big-game outfitters over a five-year period.

Figure 16 Fish and Wildlife Management Expenditure Analysis



Note: Expenditure data include allocated Ministry support services.

To address the challenges and continue to deliver on the core business of Fish and Wildlife Management, the department:

- provides a clear, balanced fish and wildlife policy, legislative and regulatory framework;
- sustains the recreational enjoyment of fish and wildlife resources with appropriate allocation and licensing decisions;
- mitigates and reduces negative interactions between wildlife and humans;
- partners with aboriginal communities to sustain traditional uses of fish and wildlife resources;

- maintains up-to-date management plans for all game species and species at risk; and
- encourages sustainable fisheries.

SRD used the fish and wildlife policy and legislative framework to accomplish several initiatives in 2003-04:

- the *Wildlife Amendment Act* (Bill 50) was brought into force on December 4, 2003. The bill increased penalties for poaching and enhanced the capabilities of wildlife officers to enforce, administrate, and reduce the potential for wildlife-human conflicts; and
- the department checked over 83,000 people for compliance with regulations and responded to 3,700 complaints of illegal activities related to the *Fisheries (Alberta) Act* and *Wildlife Act* and related regulations. The compliance rate of those checked with these two acts was about 95%.[19]

The value of the sport fishing industry was estimated to be $600 million in 2001.[21]

Fisheries management programs continued to emphasize the recovery of depleted stocks while introducing opportunities for recreational anglers where fish stocks have sufficiently recovered. A substantive monitoring program was implemented to assess the consequences of opening two walleye fisheries that were previously closed. As a result of fisheries management efforts, approximately 221,000 anglers between the ages of 16 and 65 were able to purchase licences. Approximately 100,000 anglers under the age of 16 or over 65 also took part in recreational fishing.[20]

Two significant changes were made to game species management to maximize recreational and economic benefits, while minimizing the potential for human-wildlife conflicts and ensuring species conservation:

- in 46 wildlife management units, deer hunting opportunities were increased; and
- in most cases, the hunting season for antlerless white-tailed deer was increased by at least one month.

Approximately 97,000 hunters and 221,000 anglers were active in Alberta in 2003-04, purchasing about $14.9 million worth of recreational licences.[22]

Wildlife disease management was a priority for SRD in 2003-04. The period saw the first outbreak of the West Nile virus in Alberta and continued monitoring for chronic wasting disease (CWD). SRD implemented a bird surveillance program to monitor the progression of West Nile virus in Alberta. Over 2,300 birds were received from the public, of which 1,843 were testable.[23] During the 2003 fall hunting seasons, SRD conducted its 6th consecutive voluntary CWD survey. Over 800 deer and elk heads were submitted from hunters for the survey.[24] No cases of CWD have been found in Alberta's wild species.

The department made substantial efforts to reduce negative interactions between wildlife and people. Over 14,000 Albertans contacted SRD staff for advice or assistance about problems or concerns with wildlife. This number was up approximately 25%, primarily due to public concern over West Nile virus.[25] In addition, department staff undertook several initiatives to reduce conflicts with bears, in co-operation with municipalities, industry, and the public. In particular, special efforts near Canmore and Hinton were successful in reducing conflicts with bears, and minimizing bear mortalities.

The department continued to develop management plans for species at risk, including:

sage grouse	burrowing owl	Ord's kangaroo rat
western spiderwort	soapweed	yucca moth
burrowing owl	peregrine falcon	trumpeter swan
woodland caribou	grizzly bear	long-toed salamander
Sprague's pipit	long-billed curlew	harlequin duck
prairie rattlesnake		

At the same time, existing management plans were reviewed to reflect current and projected needs, including the Pigeon Lake Management Plan, and the bull trout and walleye species management plans. SRD also initiated development of strategic policy positions on the management of:

- wolves,
- caribou, and
- bison.

Implementation of the Fisheries Revitalization Strategy continued in 2003-04. The number of commercial fishermen dropped from 579 in 2002-03 to 317 in 2003-04.[26] The reduction in the number of commercial fishermen increased the efficiency and profitability of the industry. The 2003-04 commercial harvest was over 2,240,000 kg with an estimated landed value of $4 million.[27]

Similar to other jurisdictions responsible for managing fish and wildlife resources, measuring success is a challenge. Considerable progress was made in 2003-04 toward developing a performance management framework for this core business. Key objectives relating to wildlife management were identified.

In 2004-05, SRD will investigate potential data sources for relevant performance metrics for these objectives. In the interim, the department continues to report on the species at risk measure that demonstrates the percentage of species listed as threatened or endangered under the *Wildlife Act* (Alberta). The measure provides an indirect indicator of the effectiveness and appropriateness of the department's allocation and licensing decisions.

Figure 17 Performance Measure: Species At Risk

Target: To keep the percentage of species at risk below five per cent.

	New Methodology		
	Actual 1996	Actual 2000	2005 Target
Percentage of Species at Risk	2.00%	1.44%	<5.00%

Note: The species at risk measure provides an indirect way of gauging the effectiveness of allocation and licensing decisions. The 1996 and 2000 species at risk results cannot be compared, as a different standard was used for status determination and a far greater number of species were assessed (800 species) in Alberta. New data will not be available until 2005.

Core Business: Rangeland Management

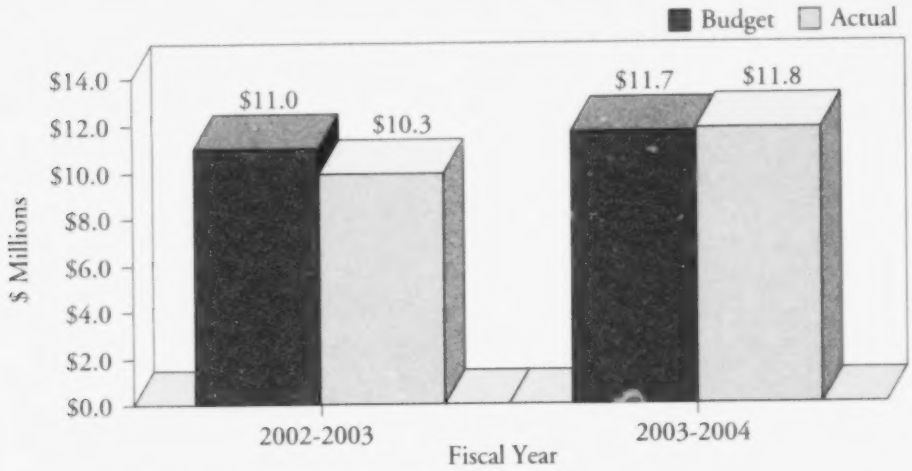
Goal 4: Enhance the economic, environmental and social contributions of Alberta's rangelands to Albertans.

SRD's Rangeland Management core business faced two significant challenges in 2003-04:

- the third year of drought continued to stress Alberta's public rangelands; and
- the need for accessibility to secure public rangeland grazing was heightened in response to the occurrence of bovine spongiform encephalopathy (BSE), which triggered the closure of the Canada-U.S. border to cattle, which meant Alberta had higher livestock inventories.

In 2003-04, expenditures in the rangeland management core business increased 15%, from $10.3 million in 2002-03 to $11.8 million in 2003-04. The increase in expenditures was primarily a result of the implementation of Bill 16, the *Agriculture Dispositions Statues Amendment Act*.

Figure 18 Rangeland Management Expenditure Analysis



Note: Expenditure data includes allocated Ministry support services.

Alberta's rangelands support a variety of uses, including livestock grazing, energy extraction, recreational use and wildlife habitat. To deliver the rangeland core business, SRD:

- provides a clear, balanced rangeland management policy, legislative and regulatory framework;
- ensures that Alberta's livestock industry has access to long-term, secure public rangeland grazing;
- supports sustainable range management practices and decisions through co-ordinated inventories, knowledge transfer and applied research programs;
- encourages good stewardship practices by monitoring the use of public rangelands; and
- manages public rangelands in a manner that supports the co-existence of multiple uses and resource values.

The Rangeland Management Core Business accomplished several significant changes to the legislative and policy framework in 2003-04:

- The *Agriculture Dispositions Statues Amendment Act* (Bill 16) amended the *Public Lands Act* to address recreational use and resource exploration access on public lands under agricultural disposition. The bill's intent was to promote co-operation and respect between disposition holders and other users of the land through clearer rules and improved communication. Protocols for dispute resolution and enforcement were put in place to address conflicts that might arise.
- The *Public Lands Amendment Act 2003* (Bill 49) was passed during the fall Legislature session of 2003. Part B of Bill 49 allows for bison grazing on public land. Part B will not be proclaimed until regulations are developed for disease testing to ensure a sustainable bison industry in Alberta and protect other sectors of the livestock industry from potential disease.
- The *Forest Reserves Amendment Act, 2004* (Bill 13) was updated to:
  - reflect present practices in Alberta;
  - address concerns over noxious and restricted weeds;
  - increase penalties for violations of the Act;
  - provide consistency with other existing legislation;
  - delete parts of the act covered in other legislation; and
  - provide a streamlined process to update the legislation when required.

SRD ensured that Alberta's public rangeland resources were managed with future users in mind through the development and delivery of rangeland stewardship and livestock management courses and publications. In 2003-04, six stockmen's range courses were delivered to approximately 400 participants, and 22 range health courses were delivered to 380 participants.[28]

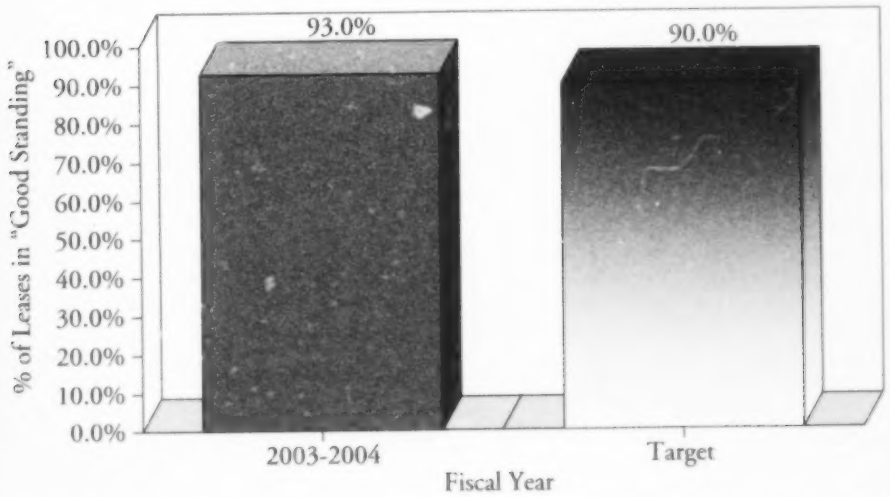
The percentage of leases that are in "good standing" highlights the success of the initiatives undertaken to encourage effective rangeland management. In 2003-04, approximately 93% of the 575 leases that were audited passed the department's new auditing criteria in the Range Health Scorecard and Range Health Protocol.[29] This level of performance exceeded the business plan target of 90%. Of the 40 plus non-compliance cases, most were dealt with by providing education and information.[30] Penalties were issued in only two cases of non-compliance.

Improving the management practices and overall sustainability of Alberta's rangelands increases the productivity of the resource. In 2003-04, a total of 1.69 million animal unit months (AUM) were allocated to leaseholders.[31] This allocation exceeded the business plan target of 1.60 million AUMs, reflecting the need to provide grazing opportunities to ranchers with increased livestock inventories as a result of the Canada-U.S. border closure over BSE.

The integration of grazing in the Green (forested) Area of the province is an additional strategy being pursued to provide additional grazing opportunities to Alberta's cattle industry. This allows more integration of livestock grazing into the working forest. Interim guidelines have been established, while the Ministry continues to resolve a number of outstanding issues regarding integrated forestry and grazing.

Figure 19 **Performance Measure**
Rangeland Sustainability

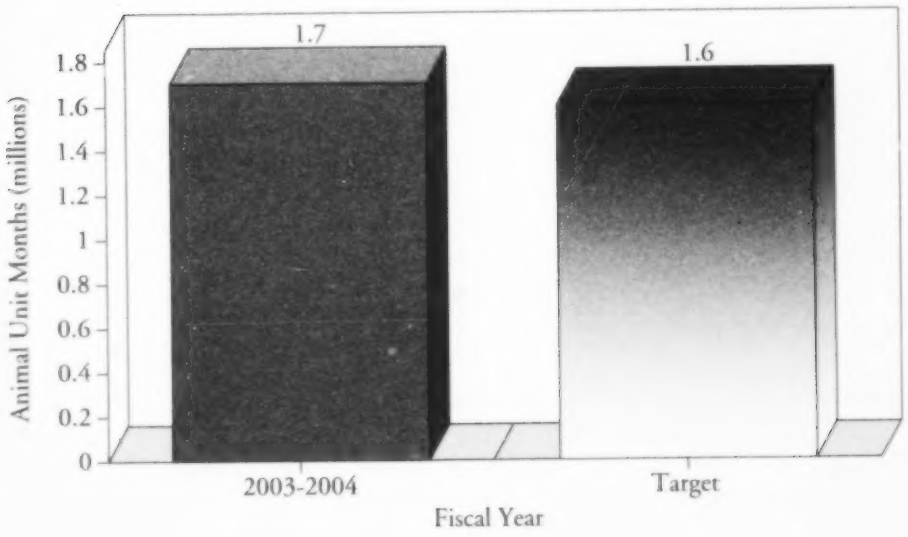
Percentage of Leases Classified Being in "Good Standing"



Note: Performance data is based on a random sample of leases that expired in 2003-04. Total sample size is 575 leases. For further details, see the section on data sources and methodology.

Figure 20 **Performance Measure:**
Public Rangeland Allocation

Number of Animal Unit Months Allocated (in millions)



Animal Unit Month:

The amount of forage required to feed one animal unit (one cow with calf at side) for 30 days. This amount is approximately 1,000 pounds of forage dry matter.

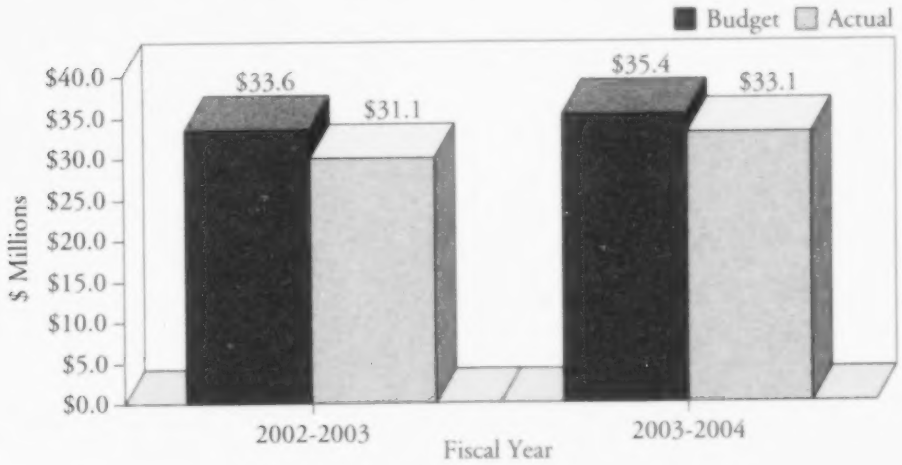
Core Business: Land Use Disposition Management

Goal 5: Optimize the long-term benefits (environmental, social and economic) that Albertans receive from public lands through effective, efficient disposition management.

2003-04 was a challenging year for the Land Use Disposition Management Core Business as a result of the strong energy industry in Alberta. In 2003-04, a total of 14,358 industrial dispositions were processed, an increase of 24% from the 11,548 industrial dispositions processed in 2002-03.[32]

In 2003-04, expenditures in the land use disposition management core business required $33.1 million, an increase of $2.0 million from 2002-03 but within the 2003-04 allocated budget of $35.4 million. A portion of the unused budget in the Land Use Disposition Management core business is attributable to a decreased funding requirement for instances where the department transfers public land to municipalities below the market value.

Figure 21 Land Use Disposition Management Expenditure Analysis



Note: Expenditure data includes allocated Ministry support services.

The department's strategic approach to the disposition management core business includes:

- providing an integrated, balanced approach to land use policy, legislative and regulatory framework;
- ensuring sustainable land use practices through integrated land-use planning by government and industry; and
- ensuring dispositions for the use of public lands are issued in a timely, effective manner with the appropriate and relevant conditions.

The public land disposition management framework was updated in 2003-04 with the amendment of the *Public Lands Act 2003*, Bill 49 (Part A). Brought into force in fall 2003, Bill 49 (Part A) enables the government to deal swiftly and effectively with instances of non-compliance on public lands.

Respect the Land

Respect the Land aims to increase awareness of the impacts of outdoor recreation and random camping on the landscape.

Education, monitoring and enforcement will continue throughout the province to address concerns related to random recreational and off-highway vehicle use. Respect the Land website:

http://www3.gov.ab.ca/srd/land/u_rec_ heading.html

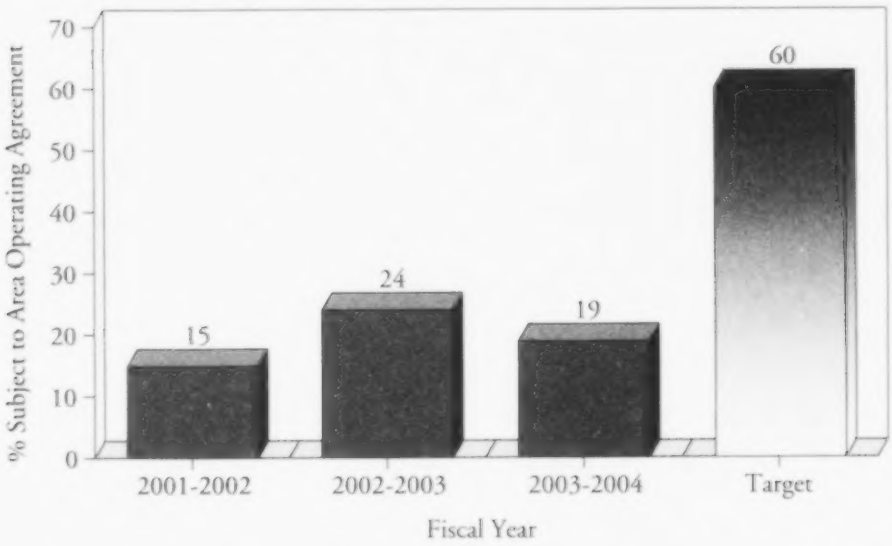
Several initiatives were undertaken to continue to support integrated land-use planning by government and industry:

- the public was consulted on the Ghost-Waiparous Access Management Plan in order to develop a draft plan;
- the Bighorn Access Management Plan was completed and a monitoring committee was struck to implement the plan;
- the Respect the Land educational program was launched in the spring of 2003. This program delivers stewardship messages to all users participating in recreational activities on public land. Particular emphasis was placed on random camping in 2003, with over 14,000 Respect the Land posters distributed for presentations and to regional offices;[33] and
- the department developed a new planning model for management of sand and gravel operations on public land that integrates sustainability of the resource with the business needs of the operator.

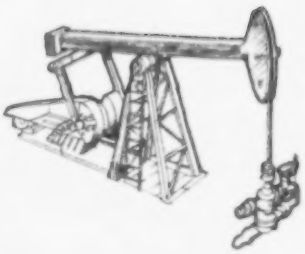
Area operating agreements (AOAs) continue to be a key department tool to ensure integrated development on public land and streamline the disposition process. In 2003-04, 19%, of all oil and gas dispositions were subject to an AOA. Although this rate is not statistically different from 2002-03 (24%), it is well below the business plan target of 60%.[34] A slow uptake of the AOA process in some regions of the province, along with a very busy oil and gas season prevented resource companies from investing the time to develop AOAs.

Figure 22 Performance Measure: Industrial Disposition Planning

Percentage of Active Oil & Gas Dispositions Subject of Area Operating Agreements



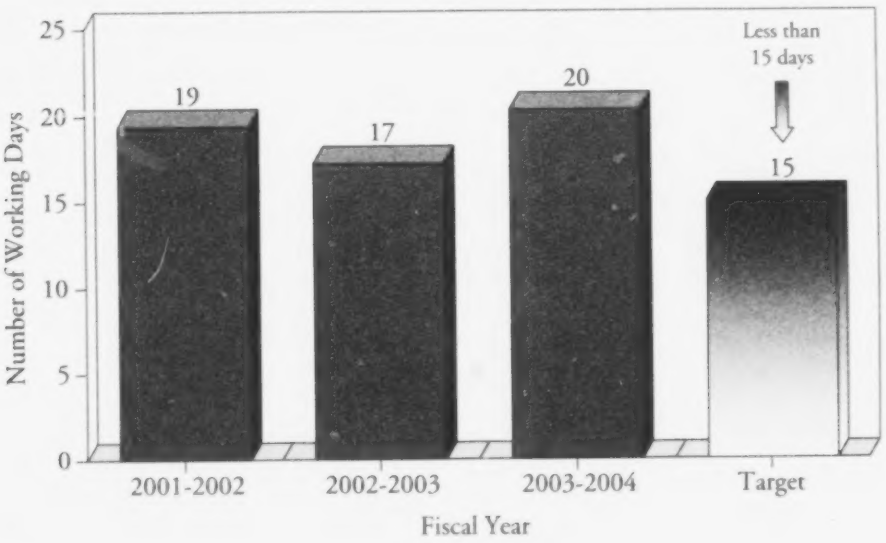
Note: Performance data is based on a random sample of 200 oil and gas dispositions. For further details, see the section on data sources and methodology.



The turnaround time for industrial dispositions increased because of the growing number of oil and gas dispositions,* and client and business delays throughout the approval process. In 2003-04, the average turnaround time was 20 days, an increase from 17 days in 2002-03 and above the business plan target of 15 days.[35]

Figure 23 Performance Measure: Timely, Efficient Disposition Decisions

Average Number of Working Days for Completion of Industrial Dispositions

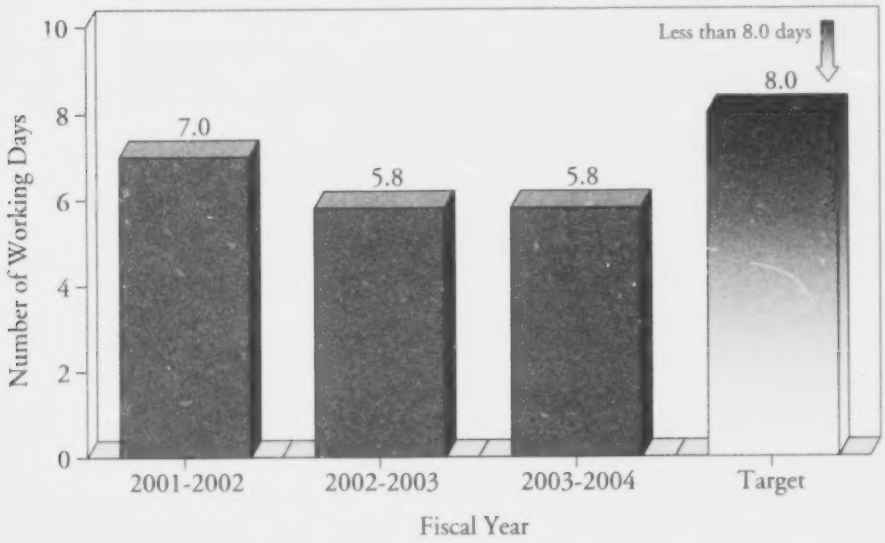


The Ministry continues to provide quick service on geophysical disposition approvals. The average number of working days required to process a geophysical disposition was 5.8 days in 2003-04, comparable to the performance in 2002-03 and well below the business plan target of 8 days.[36]

* The number of Mineral Surface Leases and Pipeline Agreements, which are common types of industrial dispositions and the focus of the turnaround time measure, are up 27% from 2002-03 levels

Figure 24 Performance Measure:
Timely, Efficient Disposition Decisions

Average Number of Working Days for Completion of Geophysical Approvals



Ministry Support Services

Goal 6: Foster effective and affordable support services that enable the Ministry to deliver its mandate and continually improve its performance.

The Ministry Support Services faced several challenges in 2003-04:

- the need for succession planning in the department, as the average age of department staff is approximately 44 years;
- the increasing need to ensure department technology is effectively and efficiently meeting the needs of department clients;
- the need for the Ministry to maintain high levels of accountability and responsiveness, particularly in the areas of emergency preparedness and business resumption; and
- the need to introduce effective business processes to ensure co-ordination between policy, head office and field operations.

To effectively deliver the Ministry support services in 2003-04, the department initiated several activities:

- aligned SRD's and government-wide goals and priorities through the use of performance agreements and learning plans;
- reduced SRD's administrative and information costs through the use of Alberta Corporate Services Centre (ACSC);
- strengthened the Ministry's strategic management capacity in the areas of policy integration; and effective responsiveness in cases of emergencies; and
- represented regional priorities across the province through the delivery of the Integrated Regional Services.

Cross Ministry Initiatives

SRD participated in two of the Government of Alberta Cross-Ministry Priority Policy Initiatives: the Aboriginal Policy Initiative and the Economic Development Strategy. In addition to these priority policy cross-ministry initiatives, SRD also worked closely with Alberta Environment on the Water for Life Strategy.

Aboriginal Policy Initiative

SRD supported strategies to increase the participation of aboriginal people and aboriginal communities in the economy by:

- hiring five aboriginal liaison officers to promote firefighter training, hiring and FireSmart principles in aboriginal communities;
- establishing five new aboriginal student crews in the Junior Forest Ranger program; and
- completing a provincial SRD-aboriginal relationships guide that identified area program contacts between First Nations communities and local SRD staff.

In collaboration with Aboriginal Affairs and Northern Development, Energy, Environment and Justice, SRD participated in the development of a broad consultation policy. As part of the policy development process, five workshops were held bringing together First Nations, industry

and government in a tripartite forum for discussion. The policy is under development and is expected to go forward for government consideration. Once the policy has been approved, a set of guidelines for SRD's operational purposes will be explored.

During 2003-04, 11 one-day training sessions on the "Development of Aboriginal Treaty Rights and the Requirement to Consult" were held throughout the province and nearly 500 government staff received training. SRD staff accounted for 75% of the participants.

Economic Development Strategy

In 2003-04, SRD supported three objectives of the Economic Development Strategy Cross-Ministry Initiative:

- the implementation of Alberta's economic development strategy relating to sustainable development of forests, public lands and fish and wildlife resources;
- the development of the Rural Development Initiative; and
- the promotion of value-added concepts in Alberta's processing industries.

SRD participated in the continued implementation of Alberta's economic development strategy by:

- completing a report on economic contribution of the forest sector to Alberta's economy. The report included an assessment of the current state of value-added forest industry in Alberta and an update on the forest industry's economic contribution to Alberta for 2003;
- completing an update to the Secondary Manufacturing Benchmark Study 2000 in spring of 2003. This study will be used to develop new value-added strategies around threats and opportunities faced by this sector.
- working with Economic Development on the drafting of the value-added strategy, "Securing Tomorrow's Prosperity."

The department participated in the development of the Rural Development Initiative by:

- collaborating on the Central Alberta Economic Partnership to examine future economic development opportunities;
- participating in the cross-ministry steering committee to design the framework and strategy for the Rural Development Initiative; and
- providing input into goals, strategies and performance measures, as well as a detailed listing of programs that supported the MLA Steering Report recommendations.

The department delivered information to support the development of value-added opportunities in Alberta's forest industry by:

- participating in the 2003 Value of Wood Engineering trade show; and
- partnering with the Forest Engineering Research Institute of Canada and the Alberta Research Council to host a wood waste/residue conference.

Data Sources and Methodology for Performance Measures

Goal 1: Protect Alberta's forests and forest communities by preventing and suppressing wildfires

All data for performance measures in Goal One are derived from the Fire Information Resource System (FIRES). The FIRES system contains all particulars for each wildfire incident that is gathered by the Wildfire Management Area (WMA) fire centres.

While data are collected and entered on a year-round basis, results reported in the annual report are limited to wildfires assessed during the legislated fire season (April 1 to October 31) to allow for year-to-year comparisons.

Number of human-caused and industry-caused fires within Alberta's Forest Protection Area

A wildfire's cause is initially classified into human or lightning causes. The human-caused category is then subdivided into:

- Industry-caused wildfires: This classification includes wildfires caused by activities of the forest industry, railway and other industries (e.g., mining, oil and gas, commercial tourism, and utility).
- Other human-caused: This classification includes incendiary (wilfully caused wildfires), recreation, residents and other miscellaneous human causes.

Percentage of wildfires detected at 0.1 hectares or less in size, and percentage of detected wildfires reported within 5 minutes or less, by lookout towers and air

Detection results compare the number of wildfires detected by SRD's lookout and air patrols at 0.1 hectares in size or less and reported by SRD's lookout and air patrols within five minutes of detection, against all wildfires reported specifically by lookout towers and air patrols during the same period.

Percentage of wildfires actioned before they reach 2.0 hectares or less in size

Response results are calculated by comparing the number of wildfires whose initial firefighting began at two hectares in size or less, against all wildfires recorded during the same period.

Percentage of wildfires contained at 4.0 hecates or less in size, and percentage of wildfires contained within the first burning period

Containment size or burning period results compare wildfires that have a "being held" or "under control" status before reaching four hectares or less in size or by the first burning period (i.e. before 10 a.m. the following day), respectively, against all wildfires recorded during the same period. These measures are mutually exclusive; they are two different and distinct methods to measure fire containment progress.

Goal 2: Enhance the economic, environmental and social contributions of Alberta's forests and forest lands to Albertans

Annual allowable cut and harvest

The annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit or specific forest management agreement (FMA) area basis, which are compiled into an ACCESS database to determine the total figure for the entire province.

Data from the Timber Production Reporting System are used to determine the harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest level because it does not contribute to the AAC.

A five-year rolling average is used to report the provincial AAC and harvest levels.

Goal 3: Enhance the economic, environmental and social contributions of Alberta's fish and wildlife resources to Albertans

Species at risk

Information is gathered on each species and used to rate seven key criteria to arrive at an assessment of extinction/extirpation risk. The criteria used include: population size, number of occurrences, distribution, population trend, distribution trend, threats to population, and threats to habitat. Each criterion is rated on a scale from A to D, with A of the greatest concern and D the least. After reviewing the ranks, the species is assigned to a status category: Extirpated/Extinct, At Risk, May Be At Risk, Sensitive, Secure, Undetermined, Not Assessed, Exotic, or Accidental/Vagrant.

Of the 832 species that were assessed, 12 (1.44%) were classified as at risk.

Goal 4: Enhance the economic, environmental and social contributions of Alberta's rangelands to Albertans

Public rangeland allocation

A majority of the data for calculating the number of animal unit months (AUM) allocated originates from the department's Geographic Land Information Management and Planning Systems (GLIMPS). Allocation data are also found in the Land Standing Automated System (LSAS), and, to a limited extent, hard copy files (for AUMs associated with the permits located at the Camp Wainwright grazing site).

The measure is calculated by totaling up all AUMs from the various data sources.

Rangeland sustainability

The department's staff thoroughly reviewed a random sample of 575 leases for overall rangeland health and management practices employed by the leaseholder. Based on this assessment, the staff assigned a status of "good" or "not good," which was recorded in the department's GLIMPS information system.

The measure was calculated by dividing the total number of leases that were surveyed and found to be rated as "good" by the entire 575 leases that were surveyed. Results based on 575 reviews are considered accurate to within ±4.1%, 19 times out of 20.

Goal 5: Optimize the long-term benefits (environmental, social and economic) that Albertans receive from public lands through effective, efficient disposition management

Active industrial dispositions subject to area operating agreements

A random sample of 200 oil and gas dispositions (i.e., Mineral Surface Lease, Licence of Occupation and Pipelines) that were active in 2003-04 were reviewed to determine if they were subject to an area operating agreement (AOA). The total number of dispositions in the sample

that were found to be subject to an AOA were divided by the total sample size. Results that are based on a sample size of 200 are considered to be accurate to within ±6.9%, 19 times out of 20.

To ensure that any differences in the results between the reporting years were not due to random sampling error, a test of significance is conducted on the results using the 95% confidence level.

Average number of days to complete industrial dispositions

Applications for industrial dispositions on public lands are sent to department staff for review, and then entered into the Land Standing Automated System (LSAS). LSAS automatically tracks and calculates the total time that it takes to issue an approval for an industrial disposition. The number of working days (Monday to Friday, excluding public sector holidays) spent approving dispositions is then divided by the number of dispositions reviewed.

The department planned to introduce a change in the methodology for this measure in 2003-04, whereby the downtime attributed to waiting for additional information from the client would be removed from the calculation. After reviewing the department's information systems, it was found that this process could not be automatically calculated. Since the quality of the data could not be guaranteed in a manual process, a decision was made to continue with the original methodology.

Average number of days to complete geophysical dispositions

Applications for geophysical dispositions are sent to department staff for review, and then entered into the Application Disposition Process and Tracking (ADEPT) system. ADEPT automatically tracks and calculates the total time that it takes to issue an approval for a geophysical disposition. The number of working days (Monday to Friday, excluding public sector holidays) spent approving dispositions is then divided by the number of geophysical dispositions reviewed.

End Notes

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12 Alberta Sustainable Resource Development, *FIRES Database*, 2003.

13 Alberta Sustainable Resource Development, *FIRES Database*, 2003.

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23 Alberta Sustainable Resource Development, *Alberta West Nile virus Wild Bird Surveillance*, 2003.

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27 Alberta Sustainable Resource Development, *Fisheries Management Information System-Commercial Fishing Licencing database summary report*, 2003.

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31 Alberta Sustainable Resource Development, *Public Rangeland Allocation Measure Data*, 2004.

32 Alberta Sustainable Resource Development, *Public Lands & Forests Divisional Statistics 2002/2003 and 2003/2004*, 2004.

33 Alberta Environment, *Education and Outreach Branch Summary Statistics*, 2004.

34 Alberta Sustainable Resource Development, *Industrial Disposition Planning Measure Data*, 2004.

35 Alberta Sustainable Resource Development, *Timely, Efficient Disposition Decisions Measure Data*, 2004.

36 Alberta Sustainable Resource Development, *Timely, Efficient Disposition Decisions Measure Data*, 2004.

Part Two: Natural Resources Conservation Board

Established in 1991, the Natural Resources Conservation Board (NRCB) is an independent, quasi-judicial regulatory tribunal. The NRCB helps to support the vision and mission of the Ministry by conducting open and impartial reviews of developments that affect a range of Alberta's natural resources. Reviews are conducted on forest industry projects; recreation and tourism projects; metallic and industrial mineral projects; and water management projects. In addition, the NRCB supports the goals of Alberta Agriculture, Food and Rural Development through the regulation of Alberta's confined feeding operations (CFOs).

In fall 2003, the *Natural Resources Conservation Board Act* was amended. Bill 51 clarified the Board's administrative role and ensured financial practices used by the NRCB are similar to standard government procedures.

Review of Major Natural Resource Projects

In 2003-04 the NRCB conducted an extensive public hearing on a proposal by Agrium Products Ltd. to expand its existing gypsum storage area near Strathcona County. The Board will be releasing a decision in 2004-05.

In the last quarter of 2003-04, the Board received an application for the construction and operation of a major limestone quarry. A hearing will be held in 2004-05.

Regulation of Confined Feeding Operations (CFOs)

The NRCB's regulatory function of CFOs can be categorized into three areas:

- assessment and approval;
- compliance and enforcement; and
- adjudication.

Compared to 2002-03, the number of applications received in 2003-04 decreased by 13%. Cattle, dairy and mixed livestock applications remained relatively stable in 2003-04, however; applications for swine operations exhibited a dramatic decrease of 52% from 2002-03. These decreases were a result of depressed hog commodity prices.

The following table outlines CFO regulation activities for 2003-04.

Category	Annual Count
Applications Received in 2003/04	
Approval Size (larger)	46
Registration Size (smaller)	61
Authorizations (construction or expansion of manure storage facility)	47
Subtotal-Applications Received	**154**
Technically complete submissions	74
Awaiting further technical details	80
Decisions issued	
Approval	100
Denials	11
Subtotal-Decisions	**111**
Complaint Management	
Complaints Received	**1108**
Resolved - no further action required	**888**
Still under investigation	**220**
Enforcement Orders	
Non compliance with AOPA	10
Creating a risk to the environment/inappropriate disturbance	2
Non-compliance with conditions in existing municipal development permits	7
Subtotal-Enforcement Orders	**19**

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Creating a risk to the environment/inappropriate disturbance	2
Non-compliance with conditions in existing municipal development permits	7
Subtotal-Enforcement Orders	**19**

Swan Hills Transfer

As a result of an agreement between the Ministers of Environment, Infrastructure and Sustainable Resource Development, the land and associated responsibilities of Swan Hills Waste Treatment Plant and related warehouse sites were transferred from the control of Alberta Environment and Alberta Sustainable Resource Development to Alberta Infrastructure.

Sustainable Resource Development - Environment Split

In June of 2003, the Ministries of Sustainable Resource Development and Environment restructured the Strategic Corporate Services Division that was shared, so that each Ministry would have dedicated corporate services. This reorganization of services enabled SRD to bring together members of specific functional areas of Finance, Information Communications Technology, and Central Administration. This provided opportunities for team building and greater focus on the strategic corporate services of the department.

Forest Protection

Adverse weather conditions resulted in severe drought conditions in parts of Alberta's Forest Protection Areas. This contributed to wildfires that posed a significant threat to communities. A forest fire emergency was declared and as a result, the Ministry received increased funding of $140.8 million for fighting wildfires.

Natural Resources Conservation Board

The Ministry received $0.6 million in additional funding as a result of the increased demand generated by confined feeding operations.

Financial Process

During the 2003-2004 fiscal year, the department successfully improved a number of financial initiatives:

- Continued to optimize the use of the Government of Alberta's financial information systems for budgeting, forecasting, and expenditures.
- Revised policy and procedures for procurement card to incorporate best practices to improve the management of procurement cards resulting in timely and accurate financial information.
- Maintained a partnership with Alberta Corporate Services Centre to improve processes and define roles and responsibilities in the areas of information technology, human resources, administration and finance.
- Continued to revise financial policies and procedures to ensure that best practices and Auditor General's recommendation are implemented to strengthen internal controls that mitigate risk.

AUDITOR GENERAL
Alberta

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Sustainable Resource Development as at March 31, 2004 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn

FCA
Auditor General

Edmonton, Alberta
May 21, 2004

Consolidated Statement of Operations

Year ended March 31, 2004
(in thousands)

	2004		2003
	Budget	Actual	Actual
Revenues			
Transfers from the Government of Canada	$ 2,794	$ 3,624	$ 5,256
Investment Income	3,061	2,744	2,612
Fees, Permits and Licenses			
Timber Royalties and Fees	62,865	116,131	60,242
Land and Grazing	42,500	48,689	45,419
Other	6,530	7,297	6,733
Insurance Proceeds	-	-	50,063
Other Revenue	6,876	6,211	5,653
	124,626	184,696	175,978
Expenses - (Schedule 1)			
Forest Protection	69,258	198,416	297,013
Forest Land and Resource Management	28,722	25,769	24,249
Fish and Wildlife Management	37,136	36,078	35,651
Rangeland Management	10,751	10,872	9,635
Land Use Disposition Management	32,412	29,926	28,933
Policy and Information Management	9,200	8,870	6,488
Surface Rights and Land Compensation Boards	1,952	2,350	2,413
Natural Resources Conservation Board	4,983	5,568	4,516
Ministry Support Services	6,273	6,289	6,458
Environment Statutory Programs	5,975	2,362	2,929
	206,662	326,500	418,285
Valuation Adjustments			
Provision for Doubtful Accounts	655	48	815
Provision (Decrease) for Vacation Pay	400	613	(587)
	1,055	661	228
	207,717	327,161	418,513
Gain on Disposal of Tangible Capital Assets	(4,000)	(656)	(2,811)
Loss on Write Down of Tangible Capital Assets	-	-	8,019
	(4,000)	(656)	5,208
Net Operating Results	$ (79,091)	$ (141,809)	$ (247,743)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

March 31, 2004
(in thousands)

	2004	2003
ASSETS		
Cash (Note 4)	$ 193,543	$ 104,897
Accounts Receivable (Note 5)	41,997	45,120
Advances	7	17
Inventories	6,387	7,357
Tangible Capital Assets (Note 6)	160,566	141,679
	$ 402,500	$ 299,070
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 29,228	30,212
Unearned Revenue	36,838	33,247
	66,066	63,459
NET ASSETS		
Net Assets at Beginning of Year (Note 3)	235,611	278,455
Net Operating Results	(141,809)	(247,743)
Net Transfer from General Revenues	242,632	204,899
Net Assets at End of Year	336,434	235,611
	$ 402,500	$ 299,070

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flow

Year ended March 31, 2004
(in thousands)

	2004	2003
Operating Transactions		
Net Operating Results	$ (141,809)	$ (247,743)
Non-cash items included in Net Operating Results		
Amortization	4,356	4,556
Consumption of Inventory	2,520	1,554
Loss on Writedown of Tangible Capital Assets	-	8,019
Gain on Disposal of Tangible Capital Assets	(656)	(2,811)
Nominal Sum Disposals	-	504
Valuation Adjustments	661	228
	(134,928)	(235,693)
Decrease (Increase) in Accounts Receivable	3,075	(21,120)
Decrease (Increase) in Advances	10	54
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,597)	13,082
Increase (Decrease) in Unearned Revenue	3,591	427
Cash Applied to Operating Transactions	(129,849)	(243,250)
Capital Transactions		
Acquisition of Tangible Capital Assets	(16,484)	(7,063)
Acquisition of Inventory	(1,550)	(1,084)
Disposal of Tangible Capital Assets	702	2,427
Transfer of Tangible Capital Assets from other Government Entities	(6,805)	(2,436)
Transfer of Inventory	-	(5,636)
Cash Applied to Capital Transactions	(24,137)	(13,792)
Financing Transactions		
Net Transfer from General Revenues	242,632	204,899
Net Transfer to Other Ministry	-	(17)
Cash Provided by Financing Transactions	242,632	204,882
Increase (decrease) in Cash	88,646	(52,160)
Cash, Beginning of Year	104,897	157,057
Cash, End of Year	$ 193,543	$ 104,897

The accompanying notes and schedules are part of these financial statements.

Note 1 - Authority and Purpose

The Minister of Sustainable Resource Development has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Sustainable Resource Development (the Ministry).

Organization	Authority
The Department of Sustainable Resource Development	*Government Organization Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*

The Ministry's core businesses are:

Forest Protection – protects the multiple values received from forests in the Forest Protection Area.

Forest Land and Resource Management – ensures Alberta's forests and forest lands are managed to support a full range of uses and values for Albertans.

Fish and Wildlife Management – manages Alberta's fish and wildlife resources to preserve their intrinsic value to the environment as well as their recreational and economic values.

Rangeland Management – manages Alberta's public rangelands to support a full range of values that include grazing, energy extraction, recreational use, and wildlife habitat.

Land Use Disposition Management – ensures dispositions are efficiently and effectively managed to reflect a balanced use and stewardship of Alberta's public lands.

Note 2 - Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries.

(a) **Reporting Entity**

The reporting entity is the Ministry of Sustainable Resource Development, for which the Minister of Sustainable Resource Development is accountable.

These financial statements include activities of the Department of Sustainable Resource Development, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board.

(b) **Basis of Financial Reporting**

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 3.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from employees and other organizations and individuals.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other tangible capital assets is $15. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities include all financial claims payable by the Ministry at fiscal year end.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accruals related to the Softwood Lumber Agreement, forming part of accounts receivable and recorded as $6,370 in these financial statements, are subject to measurement uncertainty. Until March 31, 2001, trade in softwood lumber between Canada and the United States was governed by the Softwood Lumber Agreement. The Alberta and Canadian governments are discussing the use of some of this receivable to defend Alberta's position against possible future countervailing challenges or duties. The cost of defending countervails may be greater than allowed for in calculating the accrual. Therefore, the actual amount collected related to the Softwood Lumber Agreement could vary significantly from that estimated.

Note 3 - Government Restructuring

As a result of an agreement between ministers of Environment, Infrastructure and Sustainable Resource Development, the lands and associated responsibilities of Swan Hills Waste Treatment Plant and related warehouse sites were transferred from the control of Alberta Environment and Alberta Sustainable Resource Development to Alberta Infrastructure. Certain vacation pay liabilities were also transferred from Alberta Environment. Comparatives for 2003 have been restated as if the Ministry had always been assigned its current responsibilities.

Net Assets as previously reported at March 31, 2002	$ 279,842
Transfer of Assets to Ministry of Infrastructure	(1,111)
Transfer of Liabilities from Ministry of Environment	(276)
Net Assets as restated at April 1, 2002	$ 278,455

Note 4 - Cash

Cash mainly consists of a deposit in the Consolidated Cash Investment Trust Fund (CCITF). CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2004, securities held by CCITF have an effective market yield of 2.11% per annum (March 31, 2003, 3.23% per annum).

	2004	2003
CCITF	$ 191,040	$ 102,873
Cash in Transit	1,220	2,024
Other Cash	1,283	-
	$ 193,543	$ 104,897

Note 5 - Accounts Receivable

	2004			2003
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts receivable	$ 48,907	$ 6,910	$ 41,997	$ 45,120

Accounts receivable are unsecured and interest bearing.

Note 6 - Tangible Capital Assets

		2004			2003
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets:					
Land	Infinite	$ 107,270	$ -	$ 107,270	$ 100,311
Buildings	40 years	28,426	13,649	14,777	12,821
Equipment	3-10 years	26,058	8,229	17,829	5,772
Computer Hardware and Software	5-10 years	14,551	7,858	6,693	7,286
Other	5-24 years	18,889	12,391	6,498	7,060
Infrastructure Assets:					
Land Improvements	15-40 years	44,177	37,974	6,203	6,980
Highways and Roads	20-40 years	5,952	4,737	1,215	1,363
Dam and Water Management Structures	25-80 years	97	16	81	86
		$ 245,420	$ 84,854	$ 160,566	$ 141,679

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, vehicles, heavy, mobile, and fire protection equipment.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices. Other includes aircraft and aircraft engines.

Changes to tangible capital assets were as follows:

	2004	2003
Net Book Value at Beginning of Year	$ 141,679	$ 144,875
Tangible Capital Assets Purchased	16,484	7,063
Disposals and Write Downs	(46)	(8,139)
Transfer from other Government Entities	6,805	2,436
Amortization of Tangible Capital Assets	(4,356)	(4,556)
Net Book Value at End of Year	$ 160,566	$ 141,679

Note 7 - Commitments

As at March 31, 2004, the Ministry has the following commitments:

	2004	2003
Construction contracts	$ 2,261	$ 12,954
Service contracts	98,446	123,396
Long-term leases (a)	6,690	7,713
Grants	1,245	1,158
	$ 108,642	$ 145,221

(a) The Ministry leases certain equipment under operating leases that expire on various dates to 2009. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2005	$ 2,941
2006	2,326
2007	1,238
2008	185
2009	-
	$ 6,690

Note 8 - Contingencies

At March 31, 2004, the Ministry is a defendant in twenty seven claims (2003 – twenty seven claims). Twenty six of these claims total approximately $10,680,172 (2003 – twenty five claims total approximately $120,415). For the other one claim, no specified amount has yet been claimed (2003 – two claims). The Ministry was named as the sole defendant in three legal claims, which total $20,182 (2003 – four legal claims totaling $3,331). In addition, there are eight claims in which the Ministry has been jointly named with other entities (2003 – seven legal claims). Seven of these claims have specified amounts totaling approxmately $10,627,455 and the remaining claim has no specified amount (2003 – six legal claims totaling $55,056 and one claim with no specified amount). Sixteen claims amounting to approximately $32,535 are covered by the Alberta Risk Management Fund (2003 – sixteen legal claims totaling $62,028).

The resulting loss, if any, from these claims cannot be determined.

The Ministry is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

Note 9 - Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2004 trust funds under administration were as follows:

	2004	2003
General Trust	$ 12,631	$ 11,538
Junior Forest Ranger Program	46	51
	$ 12,677	$ 11,589

General Trust is comprised of the following funds: Geophysical General Trust, Performance Deposit Trust, Forest Act Securities Trust, and Miscellaneous General Trust.

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $21,172 (2003, $19,648).

Note 10 - Defined Benefit Plans

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $5,781 for the year ended March 31, 2004 (2003 - $4,414).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of $290,014 (2002 - $301,968) and the Public Service Pension Plan reported an actuarial deficiency of $596,213 (2002 - $175,528). At December 31, 2003, the Supplementary Retirement Plan for Public Managers had an actuarial surplus of $9,312 (2002 - $6,472).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of $9,766 (2003 - $14,434) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $1,298 (2003 - $3,053). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11 - Comparative Figures

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

Note 12 - Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses Detailed by Object

Year ended March 31, 2004
(in thousands)

Schedule 1

	2004		2003
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 108,378	$ 130,608	$ 123,283
Supplies and Services	76,343	180,556	281,072
Grants	13,147	8,314	6,374
Financial Transactions and Other	52	146	1,446
Consumption of Inventory	2,600	2,520	1,554
Amortization of Tangible Capital Assets	6,142	4,356	4,556
	$ 206,662	$ 326,500	$ 418,285
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	$ 655	$ 48	$ 815
Provision (Decrease) for Vacation Pay	400	613	(587)
	$ 1,055	$ 661	$ 228

Related Party Transactions

Year ended March 31, 2004
(in thousands)

Schedule 2

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of the consideration agreed upon between the related parties:

	Other Entities	
	2004	2003
Revenues		
Fees and charges	$ 40	$ 215
Expenses - Directly Incurred		
Other Services	$ 10,334	$ 12,014
Tangible Capital Assets Transferred	$ 6,805	$ 2,436
Receivable from	$ -	$ 307
Payable to	$ 733	$ 878

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amount for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Other Entities	
	2004	2003
Expenses - Incurred by Others		
Accommodation	$ 17,111	$ 15,645
Legal	850	702
	$ 17,961	$ 16,347

Allocated Costs

Year ended March 31, 2004
(in thousands)

Schedule 3

Program	2004						2003
		Expenses-Incurred by Others		Valuation Adjustments			
	Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Expenses	Expenses
Forest Protection	$ 198,416	$ 4,980	$ 216	$ 138	$ (362)	$ 203,388	$ 301,896
Forest Land and Resource Management	25,769	2,573	115	(1)	254	28,710	26,981
Fish and Wildlife Management	36,078	3,918	185	93	-	40,274	39,397
Rangeland Management	10,872	818	-	11	-	11,701	10,987
Land Use Disposition Management	29,926	3,092	300	230	162	33,710	31,224
Surface Rights and Land Compensation Board	8,870	745	-	107	-	9,722	2,538
Natural Resources Conservation Board	2,350	191	-	(17)	(6)	2,518	4,824
Ministry Support Services	5,568	236	-	-	-	5,804	7,188
Policy and Information Management	6,289	558	34	52	-	6,933	6,896
Environment Statutory Programs	2,362	-	-	-	-	2,362	2,929
	$ 326,500	$ 17,111	$ 850	$ 613	$ 48	$ 345,122	$ 434,860

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

AUDITOR GENERAL
Alberta

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Department of Sustainable Resource Development as at March 31, 2004 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn

FCA
Auditor General

Edmonton, Alberta
May 21, 2004

Statement of Operations

Year ended March 31, 2004
(in thousands)

	2004		2003
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedules 1 and 2)			
Transfer to the Environmental Protection and Enhancement Fund	$ (51,432)	$ (114,331)	$ (106,188)
Remission of Surplus from the Environmental Protection and Enhancement Fund	38,952	99,624	97,315
Transfers from the Government of Canada	2,794	3,624	5,256
Fees, Permits and Licenses	111,895	172,117	112,394
Investment Income	50	40	50
Insurance Proceeds	-	-	50,063
Other Revenue	3,175	5,113	4,433
	105,434	166,187	163,323
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 2, 3 and 5)			
Ministry Support Services	6,273	6,289	6,457
Policy and Information Management	9,200	8,870	6,488
Forest Protection	57,258	184,066	287,939
Forest Land and Resource Management	28,222	25,265	23,735
Fish and Wildlife Management	37,056	35,998	35,571
Public Lands Management	43,163	40,798	38,567
Reporting Agencies	6,891	8,189	5,671
	188,063	309,475	404,428
Valuation Adjustments			
Provision for Doubtful Accounts	655	48	815
Provision (Decrease) for Vacation Pay	400	613	(587)
	1,055	661	228
	189,118	310,136	404,656
Gain on Disposal of Tangible Capital Assets	(4,000)	(656)	(2,811)
Loss on Write Down of Tangible Capital Assets	-	-	8,019
	(4,000)	(656)	5,208
Net Operating Results	$ (79,684)	$ (143,293)	$ (246,541)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

As at March 31, 2004
(in thousands)

	2004	2003
ASSETS		
Cash	$ 7,782	$ 7,767
Accounts Receivable (Note 3)	142,425	65,566
Advances	7	17
Inventories	6,387	7,357
Tangible Capital Assets (Note 4)	160,197	141,174
	$ 316,798	$ 221,881
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	$ 101,028	$ 109,284
Unearned Revenue	30,475	26,641
	131,503	135,925
NET ASSETS		
Net Assets at Beginning of Year	85,956	127,599
Net Operating Results	(143,293)	(246,541)
Net Transfer from General Revenues	242,632	204,898
Net Assets at End of Year	185,295	85,956
	$ 316,798	$ 221,881

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flow
Year ended March 31, 2004
(in thousands)

	2004	2003
Operating Transactions		
Net Operating Results	$ (143,293)	$ (246,541)
Non-cash items included in Net Operating Results		
Amortization	4,161	4,423
Consumption of Inventory	2,520	1,554
Loss on Writedown	-	8,019
Gain on Disposal of Tangible Capital Assets	(656)	(2,611)
Nominal Sum Disposals	-	505
Valuation Adjustments	661	228
	(136,607)	(234,623)
Decrease (Increase) in Accounts Receivable	(76,907)	3,078
Decrease (Increase) in Advances	10	54
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(8,869)	39,366
Increase (Decrease) in Unearned Revenue	3,834	207
Cash Applied to Operating Transactions	(218,539)	(191,918)
Capital Transactions		
Acquisition of Tangible Capital Assets	(16,425)	(6,747)
Acquisition of Inventory	(1,550)	(1,084)
Disposal of Tangible Capital Assets	702	2,427
Transfer of Tangible Capital Assets from other Government Entities	(6,805)	(2,436)
Transfer of Inventory	-	(5,636)
Cash Applied to Capital Transactions	(24,078)	(13,476)
Financing Transactions		
Net Transfer from General Revenues	242,632	204,898
Net Transfer to Other Ministry	-	(17)
Cash Provided by Financing Transactions	242,632	204,881
Increase (decrease) in Cash	15	(513)
Cash, Beginning of Year	7,767	8,280
Cash, End of Year	$ 7,782	$ 7,767

The accompanying notes and schedules are part of these financial statements.

Note 1 - Authority and Purpose

The Department of Sustainable Resource Development (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statues of Alberta 2000.

The Department's core businesses are:

Forest Protection – protects the multiple values received from forests in the Forest Protection Area.

Forest Land and Resource Management – ensures Alberta's forests and forest lands are managed to support a full range of uses and values for Albertans.

Fish and Wildlife Management – manages Alberta's fish and wildlife resources to preserve their intrinsic value to the environment as well as their recreational and economic values.

Rangeland Management – manages Alberta's public rangelands to support a full range of values that include grazing, energy extraction, recreational use, and wildlife habitat.

Land Use Disposition Management – ensures dispositions are efficiently and effectively managed to reflect a balanced use and stewardship of Alberta's public lands.

Note 2 - Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Department of Sustainable Resource Development, which is part of the Ministry of Sustainable Resource Development (the Ministry) and for which the Minister of Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

The Department transfers all revenue received by the Department that is in excess of the Department's base revenue of $51,482 to the Environmental Protection and Enhancement Fund. The Environmental Protection and Enhancement Fund transfers any equity in excess of $150,000 to Alberta Finance through the Department of Sustainable Resource Development.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from employees and other organizations or individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other tangible capital assets is $15. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accruals related to the Softwood Lumber Agreement, forming part of accounts receivable and recorded as $6,370 in these financial statements, are subject to measurement uncertainty. Until March 31, 2001, trade in softwood lumber between Canada and the United States was governed by the Softwood Lumber Agreement. The Alberta and Canadian governments are discussing the use of some of this receivable to defend Alberta's position against possible future countervailing challenges or duties. The cost of defending countervails may be greater than allowed for in calculating the accrual. Therefore, the actual amount collected related to the Softwood Lumber Agreement could vary significantly from that estimated.

Note 3 - Accounts Receivable

	2004			2003
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts receivable	$ 148,316	$ 6,910	$ 141,406	$ 64,308
Refund from suppliers	1,019	-	1,019	1,258
	$ 149,335	$ 6,910	$ 142,425	$ 65,566

Accounts receivable are unsecured and interest bearing.

Notes to the Financial Statements
Year ended March 31, 2004
(in thousands)

Note 4 -Tangible Capital Assets

	Estimated Useful Life	Cost	2004 Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
General Capital Assets:					
Land	Infinite	$ 107,270	$ -	$ 107,270	$ 100,465
Buildings	40 years	28,426	13,649	14,777	12,667
Equipment	3-10 years	26,058	8,229	17,829	5,586
Computer Hardware and Software	5-10 years	14,075	7,563	6,512	6,967
Other	5-24 years	18,537	12,227	6,310	7,060
Infrastructure Assets:					
Land Improvements	15-40 years	44,177	37,974	6,203	6,980
Highways and Roads	20-40 years	5,952	4,737	1,215	1,363
Dam and Water Management Structures	25-80 years	97	16	81	86
		$ 244,592	$ 84,395	$ 160,197	$ 141,174

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, vehicles, heavy, mobile, and fire protection equipment.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices. Other includes aircraft and aircraft engines.

Changes to tangible capital assets were as follows:

	2004	2003
Net Book Value at Beginning of Year	$ 141,174	$ 144,553
Tangible Capital Assets Purchased	16,425	6,747
Disposals and Write Downs	(46)	(8,139)
Transfer from other Government Entities	6,805	2,436
Amortization of Tangible Capital Assets	(4,161)	(4,423)
Net Book Value at End of Year	$ 160,197	$ 141,174

Note 5 - Accounts Payable

	2004	2003
Payable to Environmental Protection and Enhancement Fund	$ 74,769	$ 83,525
Accrued Liabilities	10,903	11,865
Accounts Payable General	4,407	3,557
Vacation Pay	10,949	10,337
	$ 101,028	$ 109,284

Note 6 - Commitments

	2004	2003
Construction contracts	$ 2,261	$ 12,954
Service contracts	25,134	29,616
Long-term leases (a)	5,520	6,059
Grants	1,245	1,158
	$ 34,160	$ 49,787

(a) The Department leases certain equipment under operating leases that expire on various dates to 2009. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2005	$ 2,413
2006	1,902
2007	1,056
2008	149
2009	-
	$ 5,520

Note 7 - Contingencies

At March 31, 2004, the Department is a defendant in twenty seven legal claims (2003 - twenty seven claims). Twenty six of these claims total approximately $10,680,172 (2003 - twenty-five claims total approximately $120,415). For the other one claim, no specified amount has yet been claimed (2003 - two claims). The Department was named as the sole defendant in three legal claims, which total $20,182 (2003 - four legal claims totalling $3,331). In addition, there are eight claims in which the Department has been jointly named with other entities (2003 - seven legal claims). Seven of these claims have specified amounts totalling approximately $10,627,455 and the remaining claim has no specified amount (2003 - six legal claims totalling $55,056 and one claim with no specified amount). Sixteen claims amounting to approximately $32,535 are covered by the Alberta Risk Management Fund (2003 - sixteen legal claims totalling $62,028).

The resulting loss, if any, from these claims cannot be determined.

The Department is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

Note 8 - Trust Fund Under Administration

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

At March 31, 2004 trust funds under administration were as follows:

	2004	2003
General Trust	$ 12,631	$ 11,538
Junior Forest Ranger Program	46	51
	$ 12,677	$ 11,589

General Trust is comprised of the following funds: Geophysical General Trust, Performance Deposit Trust, Forest Act Securities Trust, and Miscellaneous General Trust.

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $21,172 (2003 - $19,648).

Note 9 - Defined Benefit Plans

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $5,496 for the year ended March 31, 2004 (2003 - $4,184).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of $290,014 (2002 – $301,968) and the Public Service Pension Plan reported an actuarial deficiency of $596,213 (2002 – $175,528). At December 31, 2003, the Supplementary Retirement Plan for Public Managers had an actuarial surplus of $9,312 (2002 – $6,472).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of $9,766 (2003 – $14,434) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $1,298 (2003 – $3,053). The expense for these two plans is limited to employer's annual contributions for the year.

Note 10 - Comparative Figures

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

Note 11 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Revenues

Year ended March 31, 2004
(in thousands)

Schedule 1

	2004		2003
	Budget	Actual	Actual
Internal Government Transfers			
Transfer to the Environmental Protection and Enhancement Fund	$ (51,432)	$ (114,331)	$ (106,188)
Remission of Surplus from the Environmental Protection and Enhancement Fund	38,952	99,624	97,315
	(12,480)	(14,707)	(8,873)
Transfers from the Government of Canada	2,794	3,624	5,256
Investment Income	50	40	50
Fees, Permits and Licenses			
Timber Royalties and Fees	62,865	116,131	60,242
Land and Grazing	42,500	48,689	45,419
Other	6,530	7,297	6,733
	111,895	172,117	112,394
Other Revenue			
Insurance Proceeds	-	-	50,063
Refunds of Expenditure	70	974	1,113
Other	3,105	4,139	3,320
	3,175	5,113	54,496
	$ 105,434	$ 166,187	$ 163,323

Dedicated Revenue Initiatives

Year ended March 31, 2004
(in thousands)

Schedule 2

	2004		
	Authorized Dedicated Revenue	Actual Dedicated Revenues	(Shortfall) / Excess
Hinton Training Centre	$ 100	$ 150	$ 50
Smoky Lake Tree Improvement Centre	100	96	(4)
Spatial Data Warehouse	1,450	1,166	(284)
Public Lands	13,450	13,621	171
Fish and Wildlife	540	-	(540)
	$ 15,640	$ 15,033(1)	$ (607)

(1) Shortfall is deducted from current years authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

The Hinton Training Centre dedicated revenue initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

The Smoky Lake Tree Improvement Centre dedicated revenue initiative accounts for the project funding received from the Manning Diversified Research Trust Fund for the work performed by the Alberta Tree Improvement and Seed Centre for scientific research, genetic resource conservation, and technology transfer for regional forest improvement in the Peace Region.

The Spatial Data Warehouse dedicated revenue initiative was established for the purpose of updating the cadastral base maps and the management and distribution of them. The source of this dedicated revenue is a filing fee for each survey plan filed at the Land Titles Office.

Public Lands dedicated revenues, from the collection of fees for various dispositions (such as grazing, surface, etc.), were established pursuant to the Public Lands Act to deliver Public Lands services related to the day-to-day management and administering of decisions regarding planning for public lands allocated to agricultural use.

The Fish and Wildlife dedicated revenue initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationship with other stakeholders.

Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Expenses - Directly Incurred Detailed by Object

Year ended March 31, 2004
(in thousands)

Schedule 3

	2004		2003
	Budget	Actual	Actual
Voted			
Salaries, Wages and Employee Benefits	$ 101,030	$ 98,820	$ 87,079
Supplies and Services	49,165	45,060	49,019
Grants	29,124	158,845	262,285
Financial Transactions and Other	52	69	68
Consumption of Inventory	2,600	2,520	1,554
Amortization of Tangible Capital Assets	6,092	4,161	4,423
	$ 188,063	$ 309,475	$ 404,428

Budget

Year ended March 31, 2004
(in thousands)

Schedule 4

	2003-2004 Estimates	Adjustment[a]	2003-2004 Budget	Authorized Supplementary[b]	2003-2004 Authorized Budget
Revenues: (Schedules 1 and 2)					
Transfer to the Environmental Protection and Enhancement Fund	$ (51,432)	$ -	$ (51,432)	$ -	$ (51,432)
Remission of Surplus from the Environmental Protection and Enhancement Fund	38,952	-	38,952	-	38,952
Transfers from the Government of Canada	2,794	-	2,794	-	2,794
Fees, Permits and Licenses	111,895	-	111,895	-	111,895
Investment Income	50	-	50	-	50
Other Revenue	3,175	-	3,175	-	3,175
	105,434	-	105,434	-	105,434
Expenses - Directly Incurred:					
Voted Operating Expenses					
Ministry Support Services	6,273	-	6,273	-	6,273
Policy and Information Management	9,200	-	9,200	-	9,200
Forest Protection	57,258	-	57,258	127,800	185,058
Forest Land and Resource Management	28,222	-	28,222	-	28,222
Fish and Wildlife Management	37,056	-	37,056	540	37,596
Public Lands Management	43,163	-	43,163	-	43,163
Reporting Agencies	6,891	-	6,891	600	7,491
Dedicated Revenue Shortfall (Schedule 2)	-	(607)	(607)	-	(607)
	188,063	(607)	187,456	128,940	316,396
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	655		655		655
Provision for Vacation Pay	400		400		400
	1,055	-	1,055	-	1,055
	189,118	(607)	188,511	128,940	317,451
(Gain) Loss on Disposal of Tangible Capital Assets	4,000	-	4,000	-	4,000
Net Operating Results	$ (79,684)	$ 607	$ (79,077)	$ (128,940)	$ (208,017)
Equipment / Inventory Purchases	$ 3,635	$ -	$ 3,635	$ -	$ 3,635
Capital Investment	$ 3,200	$ -	$ 3,200	$ 13,000	$ 16,200

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted Operating / Equipment Inventory Purchases and Capital Investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budget amount voted in the current year.

(b) Supplementary Estimates were approved on December 04, 2003 and on March 11, 2004. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

Comparison of Expenses - Directly Incurred, Equipment Inventory Purchases and Capital Investment and Statutory Expenses by Element to Authorized Budget

Year ended March 31, 2004
(in thousands)

Schedule 5

		2003-2004 Estimates	Adjustments (a)	2003-2004 Budget	Authorized Supplementary(b)	2003-2004 Authorized Budget	2003-2004 Actual (c)	Unexpended (Over Expended)
Voted Operating/Equipment Inventory Purchases and Capital Investments								
Ministry Support Services								
1.0.1	Minister's Office	$ 365	$ -	$ 365	$ -	$ 365	$ 365	$ -
1.0.2	Deputy Minister's Office	405	-	405	-	405	370	35
1.0.3	Communications	816	-	816	-	816	766	50
1.0.4	Human Resources	474	-	474	-	474	558	(84)
1.0.5	Strategic Corporate Services	4,186	-	4,186	-	4,186	4,195	(9)
1.0.6	Amortization of Tangible Capital Assets	27	-	27	-	27	35	(8)
		6,273	-	6,273	-	6,273	6,289	(16)
Policy and Information Management								
2.0.1	Policy and Planning	3,820	-	3,820	-	3,820	2,989	831
2.0.2	Regional Offices	4,173	-	4,173	-	4,173	4,256	(83)
2.0.3	Information Technology	1,207	-	1,207	-	1,207	1,625	(418)
		9,200	-	9,200	-	9,200	8,870	330
Forest Protection								
3.0.1	Organizational Framework							
	- Operating	31,503	-	31,503	-	31,503	29,238	2,265
	- Equipment / Inventory Purchases	3,000	-	3,000	-	3,000	3,158	(158)
	- Capital Investment	3,200	-	3,200	13,000	16,200	13,867	2,333
3.0.2	Wildfire Prevention Planning and Operations	2,200	-	2,200	-	2,200	2,200	-
3.0.3	Wildfire Operations	18,078	-	18,078	127,800	145,878	147,897	(2,019)
3.0.6	Amortization of Tangible Capital Assets	5,477	-	5,477	-	5,477	4,731	746
		63,458	-	63,458	140,800	204,258	201,091	3,167
Forest Land and Resource Management								
4.0.1	Forest Management							
	- Operating Expense	6,293	-	6,293	-	6,293	6,293	-
	- Equipment / Inventory Purchases	35	-	35	-	35	30	5
4.0.2	Forest Operations	14,876	-	14,876	-	14,876	13,327	1,549
4.0.3	Forest Policy and Business							
	- Operating Expense	3,665	-	3,665	-	3,665	5,468	(1,803)
	- Equipment / Inventory Purchases	-	-	-	-	-	57	(57)
4.0.4	Amortization of Tangible Capital Assets	1,388	-	1,388	-	1,388	177	1,211
4.0.5	Nominal Sum Disposals	2,000	-	2,000	-	2,000	-	2,000
		28,257	-	28,257	-	28,257	25,352	2,905
Fish and Wildlife Management								
5.0.1	Policy and Business Planning							
	- Operating Expense	7,765	-	7,765	540	8,305	6,477	1,828
	- Equipment / Inventory Purchases	400	-	400	-	400	373	27
5.0.2	Wildlife Management	6,074	-	6,074	-	6,074	6,306	(232)
5.0.3	Fisheries Management							
	- Operating Expense	6,153	-	6,153	-	6,153	6,433	(280)
	- Equipment / Inventory	-	-	-	-	-	101	(101)
5.0.4	Enforcement Field Services	16,664	-	16,664	-	16,664	16,542	122
5.0.5	Amortization of Tangible Capital Assets	400	-	400	-	400	240	160
		37,456	-	37,456	540	37,996	36,472	1,524

Comparison of Expenses - Directly Incurred, Equipment Inventory Purchases and Capital Investment and Statutory Expenses by Element to Authorized Budget

Year ended March 31, 2004
(in thousands)

Schedule 5 - cont'd

Public Lands Management								
6.0.1	Land Policy	4,647	-	4,647	-	4,647	2,989	1,658
6.0.2	Land Dispositions and Technical Services	6,764	-	6,764	-	6,764	6,901	(137)
6.0.3	Resource Data							
	- Operating Expense	6,204	-	6,204	-	6,204	7,041	(837)
	- Equipment / Inventory	-	-	-	-	-	81	(81)
6.0.4	Land Use Operations	13,330	-	13,330	-	13,330	12,995	335
6.0.5	Rangeland Management							
	- Operating Expense	8,818	-	8,818	-	8,818	9,373	(555)
	- Equipment / Inventory Purchases	200	-	200	-	200	225	(25)
6.0.6	Amortization of Tangible Capital Assets	1,400	-	1,400	-	1,400	1,499	(99)
6.0.7	Nominal Sum Disposals	2,000	-	2,000	-	2,000	-	2,000
		43,363	-	43,363	-	43,363	41,104	2,259
Reporting Agencies								
7.1	Surface Rights and Land Compensation Boards							
7.1.1	Surface Rights and Land Compensation Boards	1,952	-	1,952	-	1,952	2,350	(398)
7.2	Assistance to Natural Resources Conservation							
7.2.1	Natural Resources Conservation Board	4,939	-	4,939	600	5,539	5,839	(300)
		6,891	-	6,891	600	7,491	8,189	(698)
	Dedicated Revenue Shortfall (Schedule 2)	-	(607)	(607)	-	(607)		(607)
		$ 194,898	$ (607)	$ 194,291	$ 141,940	$ 336,231	$ 327,367	$ 8,864
Operating Expense		$ 188,063	$ (607)	$ 187,456	$ 128,940	$ 316,396	$ 309,475	$ 6,921
Equipment / Inventory Purchases		3,635	-	3,635	-	3,635	4,025	(390)
		191,698	(607)	191,091	128,940	320,031	313,500	6,531
Capital Investment		3,200	-	3,200	13,000	16,200	13,867	2,333
		$ 194,898	$ (607)	$ 194,291	$ 141,940	$ 336,231	$ 327,367	$ 8,864
Statutory Expenses:								
	Valuation Adjustments	$ 1,055	$ -	$ 1,055	$ -	$ 1,055	$ 661	$ 394

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual Operating / Equipment Inventory Purchases (EIP) and Capital Investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.

(b) Supplementary Estimates were approved on December 04, 2003 and on March 11, 2004. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(c) Includes achievement bonus amounting to $1.1 million.

Salary and Benefits Disclosure

Year ended March 31, 2004

Schedule 6

	2004				2003
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Deputy Minister[4]	$ 152,808	$ 29,538	$ 35,888	$ 218,234	$ 226,962
Assistant Deputy Ministers					
Fish and Wildlife	119,392	15,820	26,563	161,775	159,098
Forest Protection[5]	137,904	30,644	5,071	173,619	178,349
Public Lands Management	122,294	17,353	27,323	166,970	168,481
Land and Forest	-	-	-	-	160,424
Strategic Forestry Initiatives[6]	155,363	17,894	5,427	178,684	-
Strategic Corporate Services	125,214	17,368	27,596	170,178	165,231
Executive Directors					
Policy and Planning	85,608	11,731	18,059	115,398	97,637
Regional Office NorthWest	97,778	13,416	20,676	131,870	112,414
Regional Office NorthEast[5]	98,498	16,347	22,499	137,344	125,598
Regional Office SouthWest	98,498	10,308	24,556	133,362	113,666
Regional Office SouthEast[5]	97,128	15,245	19,805	132,178	107,989
Director, Human Resources Service	84,324	11,243	17,826	113,393	97,706

Total salary and benefits relating to a position are disclosed.

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include bonuses, vacation payments, and lump sum payments.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits figures.

(5) Other cash benefits include vacation payments to the Assistant Deputy Minister, Forest Protection, $7,926 and two Regional Executive Directors, $5,488.

(6) The position of Assistant Deputy Minister for Strategic Forestry Initiatives was created February 15, 2003.

Related Party Transactions

Year ended March 31, 2004
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Revenues				
Grants	$ 99,624	$ 97,315	$ -	$ -
Fees and charges	-	-	13	16
	$ 99,624	$ 97,315	$ 13	$ 16
Expenses - Directly Incurred				
Grants	$ 153,917	$ 259,585	$ -	$ -
Other Services	-	-	4,459	8,290
	$ 153,917	$ 259,585	$ 4,459	$ 8,290
Tangible Capital Assets Transferred	$ -	$ -	$ 6,805	$ 2,436
Receivable from	$ 100,533	$ 20,602	$ -	$ 307
Payable to	$ 74,769	$ 83,525	$ -	$ -

The Department also had the following transactions with related parties for which no consideration was exchanged. The amount for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 16,875	$ 15,337
Legal	-	-	850	702
	$ -	$ -	$ 17,725	$ 16,039

Allocated Costs

Year ended March 31, 2004
(in thousands)

Schedule 8

Program	2004						2003
		Expenses-Incurred by Others		Valuation Adjustments			
	Expenses(1)	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Expenses	Expenses
Ministry Support Services	$ 6,289	$ 558	$ 34	$ 52	$ -	$ 6,933	$ 7,188
Policy and Information Management	8,870	745	-	107	-	9,722	6,896
Forest Protection	184,066	4,980	216	138	(362)	189,038	292,802
Forest Land and Resource Management	25,265	2,573	115	(1)	254	28,206	26,465
Fish and Wildlife Management	35,998	3,918	185	93	-	40,194	39,157
Public Lands Management	40,798	3,910	300	241	162	45,411	42,216
Reporting Agencies	8,189	191	-	(17)	(6)	8,357	5,796
Other	-	-	-	-	-	-	175
	$ 309,475	$ 16,875	$ 850	$ 613	$ 48	$ 327,861	$ 420,695

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

AUDITOR GENERAL
Alberta

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund as at March 31, 2004 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn

FCA
Auditor General

Edmonton, Alberta
May 21, 2004

Statement of Operations
Year ended March 31, 2004
(in thousands)

	2004		2003
	Budget (Note 11)	Actual	Actual
Revenues			
Transfer from Department of Sustainable Resource Development (Note 9)	$ 71,710	$ 262,409	$ 362,515
Investment Income	3,000	2,616	2,507
Other Revenue	3,700	1,084	1,219
	78,410	266,109	366,241
Expenses			
Environment Statutory Programs	5,975	2,362	2,929
Natural Resources Emergency Program			
Forest Fires	32,278	162,428	265,402
Forest Health Program	500	504	514
Intercept Feeding and Fencing	80	80	81
	38,833	165,374	268,926
Net Operating Results	$ 39,577	$ 100,735	$ 97,315

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position
As at March 31, 2004
(in thousands)

	2004	2003
ASSETS		
Cash (Note 4)	$ 184,477	$ 96,562
Accounts Receivable (Note 5)	74,836	83,625
	259,313	180,187
LIABILITIES		
Accounts Payable and Accrued Liabilities	102,950	24,692
Unearned Revenues	6,363	6,606
	109,313	31,298
NET ASSETS		
Net Assets at Beginning of Year (Note 3)	148,889	148,889
Net Operating Results	100,735	97,315
Transfer to Department of Sustainable Resource Development	(99,624)	(97,315)
Net Assets at End of Year (Note 8)	150,000	148,889
	$ 259,313	$ 180,187

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flow

Year ended March 31, 2004
(in thousands)

	2004	2003
Operating Transactions		
Net Operating Results	$ 100,735	$ 97,315
Decrease (Increase) in Accounts Receivable	8,789	(42,051)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	78,258	(8,584)
Increase (Decrease) in Unearned Revenue	(243)	219
Cash Provided by Operating Transactions	187,539	46,899
Financing Transactions		
Transfer to Department of Sustainable Resource Development	(99,624)	(97,315)
Cash Applied to Financing Transactions	(99,624)	(97,315)
Increase (Decrease) in Cash	87,915	(50,416)
Cash, Beginning of Year	96,562	146,978
Cash, End of Year	$ 184,477	$ 96,562

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements
Year ended March 31, 2004
(in thousands)

Note 1 - Authority and Purpose

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statues of Alberta 2000.

The Fund is comprised of the following components:

Land Reclamation

Natural Resources Emergency Program

Note 2 - Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister are the Department of Sustainable Resource Development and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Liabilities

Liabilities represent all financial claims payable by the Fund at fiscal year end.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

Note 3 - Government Restructuring

As a result of an agreement between the Ministers of Environment, Infrastructure and Sustainable Resource Development, the land and associated responsibilities of Swan Hills Waste Treatment Plant and related warehouse sites were transferred from the control of Alberta Environment and Alberta Sustainable Resource Development to Alberta Infrastructure. Comparatives for 2003 have been restated as if the Fund had always been assigned its current responsibilities.

Net Assets as previously reported at March 31, 2002	$ 150,000
Transfer of Assets to Ministry of Infrastructure	(1,111)
Net Assets as restated at April 1, 2002	$ 148,889

Note 4 - Cash

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2004, securities held by the Fund have an effective market yield of 2.11% per annum (March 31, 2003, 3.23% per annum).

Note 5 - Accounts Receivable

	2004	2003
Department of Sustainable Resource Development	$ 74,769	$ 83,525
Other	67	100
	$ 74,836	$ 83,625

Note 6 - Commitments

	2004	2003
Service contracts	$ 73,312	$ 93,780
Long-term leases (a)	1,170	1,654
	$ 74,482	$ 95,434

(a) The Fund leases certain equipment under operating leases that expire on various dates to 2009. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2005	$ 528
2006	424
2007	182
2008	36
2009	-
	$ 1,170

Note 7 - Contingencies

In 2001, Smoky River Coal Ltd. (SRCL) declared bankruptcy. As a result, the Fund cashed the $7,136 letter of credit that SRCL had provided to the Department of Sustainable Resource Development. The letter of credit was intended to cover reclamation work in the event that SRCL was unable to perform the work itself. Issues such as determining the level of site reclamation required, determining shared responsibility with related parties, and the assumption of some of the reclamation work by subsequent operators of the site need to be resolved. As a result, an estimate of the costs of SRCL site reclamation for which the Fund is contingently liable cannot be made at this time.

Note 8 - Net Assets

The Net Assets for the Fund are capped at $150,000 as per a Treasury Board decision.

Notes to the Financial Statements
Year ended March 31, 2004
(in thousands)

Note 9 - Transfer from the Department

The following revenue was received or is receivable from the Department of Sustainable Resource Development:

	2004	2003
Revenue in excess of Department's Base Revenue (a)	$ 114,331	$ 106,188
Fire Fighting Grant Revenue	20,278	30,317
Supplementary Estimate:		
Forest Fires	127,800	226,010
	$ 262,409	$ 362,515

(a) All revenue received by the Department that is in excess of the Department's base revenue of $51,482 (2003 - $51,482).

Note 10 - Salary and Benefits Disclosure

The Province's salary and benefit disclosure requirements for the Executives are disclosed in the financial statements of the Department of Sustainable Resource Development.

Note 11 - Budget Figures

The revenue and expenditure budget amounts disclosed in these financial statements agree with the 2003-2004 Government Estimates.

Note 12 - Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule to the Financial Statements
Expense Detailed by Object
Year ended March 31, 2004
(in thousands)

	2004		2003
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 3,968	$ 27,739	$ 32,928
Supplies and Services	28,793	134,249	231,888
Grants	6,072	3,386	3,674
Financial Transactions and Other	-	-	436
	$ 38,833	$ 165,374	$ 268,926

Related Party Transactions
Year ended March 31, 2004
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Fund.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Revenues				
Transfer from Department of Sustainable Resource Development	$ 114,331	$ 106,188	$ -	$ -
Grants from Department of Sustainable Resource Development	148,078	256,327	-	-
	$ 262,409	$ 362,515	$ -	$ -
Expenses - Directly Incurred				
Other services	-	-	5,875	3,724
Receivable from	$ 74,769	$ 83,525	$ -	$ -
Payable to	$ 100,533	$ 20,602	$ 733	$ 878

AUDITOR GENERAL
Alberta

To the Members of the Natural Resources Conservation Board

I have audited the statement of financial position of the Natural Resources Conservation Board as at March 31, 2004 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
May 13, 2004

Statement of Operations
Year ended March 31, 2004

	2004		2003
	Budget	Actual	Actual
	(Note 5)		
Revenues			
Transfer from the Department of Sustainable Resource Development	$ 4,939,000	$ 5,839,000	$ 3,258,000
Interest	11,000	87,791	54,803
Other	1,000	14,733	1,902
	4,951,000	5,941,524	3,314,705
Expenses (Note 2c and Schedule)			
Salaries and employee benefits (Notes 6, 7)	3,888,426	3,978,367	3,215,107
Travel and automobile	485,250	493,289	478,829
Transcripts and office	219,981	352,834	295,208
Consulting and professional fees	105,230	344,272	213,288
Amortization of capital assets	50,000	195,174	132,943
Telecommunications	73,413	89,427	75,097
Technical proficiency and training	108,660	70,887	60,711
Advertising and communications	24,450	25,689	35,588
Hearing room rent and parking	19,790	11,302	6,157
Postage, freight and courier	7,800	6,915	3,377
	4,983,000	5,568,156	4,516,305
Net Operating Results	$ (32,000)	$ 373,368	$ (1,201,600)

The accompanying notes and schedule of allocated costs are part of these financial statements.

Statement of Financial Position
As at March 31, 2004

	2004	2003
ASSETS		
Cash (Note 3)	$ 1,284,405	$ 567,563
Accounts Receivable	37,958	56,656
Current Assets	1,322,363	624,219
Capital Assets (Note 4)	369,078	505,027
	1,691,441	1,129,246
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Liabilities	551,964	363,137
Net Assets at Beginning of Year	766,109	1,967,709
Net Operating Results	373,368	(1,201,600)
Net Assets at End of Year	1,139,477	766,109
	$ 1,691,441	$ 1,129,246

The accompanying notes and schedule of allocated costs are part of these financial statements.

Statement of Cash Flow
Year ended March 31, 2004

	2004	2003
Cash provided by (used in):		
Operating activities		
Net Operating Results	$ 373,368	$ (1,201,600)
Non-cash expense:		
Amortization	195,174	132,943
	568,542	(1,068,657)
Changes in operating non-cash working capital		
Accounts Receivable	18,698	(37,380)
Accounts Payable and Accrued Liabilities	188,827	190,117
	776,067	(915,920)
Investing activities		
Proceeds from sale of tangible capital assets	500	-
Acquisition of capital assets	(59,725)	(315,635)
	(59,225)	(315,635)
Net increase/(decrease) in cash during the year	716,842	(1,231,555)
Cash, Beginning of year	567,563	1,799,118
Cash, End of year	$ 1,284,405	$ 567,563

The accompanying notes and schedule of allocated costs are part of these financial statements.

Note 1 - Authority and Purpose

The Natural Resources Conservation Board (the "NRCB") operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 ("NRCBA"). The NRCB provides for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act* (Chapter A-7, RSA 2000) for the approval, monitoring and compliance of livestock confined feeding operations.

Note 2 - Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer hardware	- 33 1/3% straight line
Computer software	- 100% straight line
Office equipment	- 20% declining balance
Office furniture	- 20% declining balance

(b) Revenue Recognition

Operating transfers are recorded as revenue in the years for which they are approved. All revenues are reported on the accrual method of accounting.

The NRCB received $6,139,000 in transfers from Sustainable Resource Development and returned $300,000 for net transfer of $5,839,000 (2003: $3,258,000).

(c) Expenses

Directly Incurred

Directly incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget.

In addition to expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of capital assets,
- pension costs which comprise the cost of employer contributions and pay in lieu of current service of employees during the year.

Incurred by Others

Services contributed by other entities in support of NRCB's operations are disclosed in Note 8 and in the Schedule of Allocated Costs.

(d) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their book values because of the short-term nature of these instruments.

(e) Net Assets

Net assets represents the difference between the value of assets held by the NRCB and its liabilities.

Note 3 - Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund ("CCITF"). The fund is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositor's capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. The fair value of CCITF investment approximates carrying value.

Note 4 - Capital Assets

	2004			2003
	Cost	Accumulated Amortization	Net	Net
Computer hardware	$ 428,724	$ 258,603	$ 170,121	$ 288,470
Computer software	47,521	35,692	11,829	31,155
Office equipment	56,905	18,115	38,790	30,912
Office furniture	294,972	146,634	148,338	154,490
	$ 828,122	$ 459,044	$ 369,078	$ 505,027

Note 5 - Budget

In January 2003, Treasury Board approved a 2004 budget of $4,983,000. In August 2003, Treasury Board approved a supplementary transfer of $600,000 (2003: $400,000). In addition $600,000 was received from Sustainable Resource Development for a total budget for 2004 of $6,183,000 to carry out NRCB's mandates for the regulation of CFOs and the review of large projects.

Note 6 - Pension

All eligible employees of the NRCB, except the Board Members, belong to a defined contribution pension plan administered by the NRCB and managed by Sunlife (formerly Clarica).

Pension expense of $271,964 (2003: $165,127) is included in the Statement of Operations within salaries and employee benefits. Pension expense comprises the cost of employer contributions and pay in lieu for current service of employees during the year.

The NRCB participates in the Management Employees Pension Plan, a defined benefit pension plan. The NRCB also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is a total of $85,501 (2003: $64,709) for the year ended March 31, 2004.

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of $290,014,000 (2002: deficiency of $301,968,000). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $9,312,000 (2002: $6,472,000).

The NRCB also participates in the Long Term Disability Income Continuance Plan for the Public Service Managers. At March 31, 2004, the Management Plan reported an actuarial surplus of $1,298,000 (2003: actuarial deficiency $3,053,000). The expense for this plan is limited to the employer's annual contributions for the year.

Note 7 - Salaries and Benefits

	2004			2003
	Salary[a]	Benefits and Allowances[b]	Total	Total
Chair[c][d][e]	$ 154,606	$ 48,824	$ 203,430	$ 183,469
Board Member 1	118,593	35,718	154,311	61,871
Board Member 2	118,593	31,985	150,578	103,536
Board Member 3	118,593	30,037	148,630	84,184
Board Member 4[e][f]	120,145	23,919	144,064	135,898
Board Member 5[g]	13,081	4,509	17,590	106,756
Board Member 6[e][h]	29,437	9,690	39,127	-

(a) Includes all regular base salary and bonuses.

(b) Includes the NRCB's share of all payments to, or on behalf of, Board Members, including pension, health benefits, professional membership, WCB premiums and payments in lieu of vacation. The NRCB is a participant in the Alberta Energy and Utilities Board ("EUB") flexible health benefit plan.

(c) Automobile provided, no dollar amount included in benefits and allowances.

(d) The position was occupied by two individuals through the year. The current Chair was also a Board Member.

(e) Appointed by Order in Council, O.C. 547/2003.

(f) Internal appointment as full-time Acting Board Member until December 9, 2003.

(g) Appointed as acting Chair on May 14, 2003 and Chair on December 10, 2003.

(h) Commenced full-time employment on January 1, 2004.

Note 8 - Shared Services with EUB

Expense	Contribution to EUB	Contribution from EUB
Manpower	$ 31,600	$ 26,099
Travel & Other Expenses	514	620
Totals 2003-2004	$ 32,114	$ 26,719
Totals 2002-2003	$ 67,721	$ 5,866

The Contribution for EUB is recorded as Shared Services on the Schedule of Allocated Costs.

The NRCB has a Memorandum of Understanding ("MOU") with the EUB to share resources on an on-going basis. Under the MOU, the NRCB is both a service provider and a service recipient. As the service recipient, the NRCB receives manpower resources at no cost.

Note 9 - Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements.

Certain office equipment are provided by Alberta Agriculture Food and Rural Development ("AAFRD") for the NRCB's use and are not reflected in the financial statements.

The NRCB received $5,839,000 (2003: $3,258,000) in net transfers from the Department of Sustainable Resource Development. During the year, the NRCB paid $272,445 (2003: $510,714) to various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $3,363 as receivable from and $7,673 as payable to various government entities. The NRCB contributed $32,114 (2003: $67,721) in shared services to the EUB as per Note 8.

Certain expenses for office space incurred on behalf of the NRCB by Alberta Infrastructure are reflected in the Schedule of Allocated Costs. These expenses amount to approximately $236,391 (2003: $308,205). In addition, the NRCB received contributed services from the EUB of $26,719 (2003: $5,866) as shown in the Schedule of Allocated Costs.

Note 10 - Approval of Financial Statements

These financial statements were approved by the Board.

Notes to the Financial Statements
Schedule of Allocated Costs
Year ended March 31, 2004

Projects	2004 Expenses	2004 Expenses incurred by others: Office Costs(1)	2004 Expenses incurred by others: Shared Services(2)	2004 Total Expenses	2003 Total Expenses
Confined Feeding Operations					
Compliance	$ 2,068,456	$ 87,815	$ 4,468	$ 2,160,739	$ 1,710,371
Applications	1,980,919	84,098	4,468	2,069,485	1,742,852
Reviews	1,111,046	47,168	4,704	1,162,918	1,150,008
Agrium	265,031	11,252	13,079	289,362	-
Other NRCB Business(3)	77,598	3,294	-	80,892	319,072
EUB(4)	38,996	1,656	-	40,652	89,422
Barakat	10,821	459	-	11,280	-
Highwood Storage	8,388	356	-	8,744	11,451
Birch Mountain	6,901	293	-	7,194	-
	$ 5,568,156	$ 236,391	$ 26,719	$ 5,831,266	$ 5,023,176

(1) See Note 9, Related Party Transactions

(2) Shared Services comprise $26,099 for manpower services and $620 for supplies from the EUB.

(3) Other NRCB Business comprises expenses related to past and potential projects, research, external meetings and professional development.

(4) EUB includes a portion of the NRCB's indirect overhead costs. The shared services contribution from the EUB shown in Note 8 records only direct costs.

Statement of Remissions, Compromises and Write-Offs

For the Year ended March 31, 2004

The following statement has been prepared pursuant to section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the *Financial Administration Act*:		$ 0.00
Compromises under Section 22 of the *Financial Administration Act*:		0.00
Write-offs		
Departmental Accounts Receivable	3,539,013.68	
Departmental Accounts Payable Credits	0.00	
Total write-offs		3,539,013.68
Total remissions, compromises and write-offs		$ 3,539,013.68

Alphabetical List of Government Entities' Financial Statements

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Alberta Alcohol and Drug Abuse Commission[1]	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Dairy Control Board[2]	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

Ministry, Department, Fund or Agency	Ministry Annual Report
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[3]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[3]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[3]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[3]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[3]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[3]	Human Resources and Employment

[2] Dissolved August 1, 2003

[3] Ministry includes only the departments so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Infrastructure[3]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[3]	International and Intergovernmental Relations
Ministry of Justice[3]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[3]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[3]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards: Calgary Region Community Board Central Region Community Board Edmonton Region Community Board Northeast Region Community Board Northwest Region Community Board Provincial Board South Region Community Board	Community Development
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

Entities Not Included in the Consolidated Government Reporting Entity

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment